

REQUEST FOR QUALIFICATIONS

Pembroke Choice Neighborhood
Real Estate Developer



Bethlehem Housing Authority
Bethlehem, Pennsylvania

DUE DATE: 5 p.m. Friday, March 7, 2025
ISSUE DATE: Wednesday, January 22, 2025

INTRODUCTION

Bethlehem is a city of 78,000 people in eastern Pennsylvania – known for its rich colonial and industrial history – that is undergoing an economic and cultural renaissance that has contributed, along with the national housing crisis, to an affordable housing crisis for the city’s low- and moderate-income residents. Since 2019, Bethlehem has seen its median home sales price and rent jump by more than 50%. And the City currently has a rental vacancy rate of only around 2%.

In 2023, the City of Bethlehem (City), in partnership with the Bethlehem Housing Authority (BHA), was one of only 14 cities nationwide to be awarded a Choice Neighborhoods (CN) Planning Grant from the U.S. Department of Housing and Urban Development (HUD). Through the grant, the City and BHA (the Grantees) are working with local residents and a variety of community stakeholders to create a forward-looking Choice Neighborhood Transformation Plan (CN Plan) with a strong commitment to diversity and inclusion.

The CN Plan focuses on the redevelopment of BHA’s Pembroke Village property, which includes **196 units of low-income housing**. The CN Plan will seek to replace 100% of those housing units within the neighborhood, or in other areas of opportunity, as part of new mixed-income developments. Current target total unit development is approximately 400 units. More information on the CN Plan can be found here: www.bethlehemchoice.com

The CN Plan is a critical component of the City’s five-year affordable housing plan *Opening Doors: Strategies for Building Housing Stability in Bethlehem*. The CN Plan offers the City an opportunity to reimagine a neighborhood of Bethlehem alongside the BHA and the community. Bethlehem’s growing housing affordability crisis means it is increasingly difficult for BHA residents to find a pathway out of public housing and the CN Plan offers a way to create a new economic ladder for residents. It also offers an opportunity to add a significant number of new housing units at varying price points while giving BHA residents new, safe and modern housing.

INVITATION

The Grantees request qualifications from qualified professional developers to partner with the BHA and the City to finalize the Housing Element of the Pembroke CN Plan, as outlined in more detail in the Scope section below.

Following completion of the CN Plan, the Grantees intend to apply in partnership with the selected developer for a HUD Choice Neighborhood Implementation Grant (CNI) if the opportunity is available in FY2025 or FY2026. The Grantees are committed to implementing the CN Plan, with or without future CNI funding.

At such time as appropriate, after completion of the scope of work contemplated in this RFQ to finalize the Housing Element of the CN Plan and apply for CNI funding, the selected developer and the BHA may work in good faith to negotiate a master developer’s agreement for implementation. The BHA will serve as co-developer partner. BHA may assist in the creation, maintenance, and tracking of project budgets and financing throughout the entirety of the project phases.

INVITATION SCOPE

The developer selected in response to this RFQ will be expected to undertake and deliver the following to help complete the Housing Element of the CN Plan and apply for a future CNI:

- Review and assess the Grantees' current site concept plans, market study, and feedback from the CN Steering Committee and resident and community engagement efforts;
- Develop and refine a final concept plan for the site(s), which will be incorporated into the final CN Plan – refined plan should include feasible site(s) layout, defined unit types and counts, dimensions, and preliminary renderings;
- Develop a feasible project phasing plan, which will be incorporated into the final CN Plan, that accounts for the CN build-first requirements to avoid resident displacement;
- Assess financial feasibility and develop an initial funding structure with potential sources, including a preliminary operating pro forma and development budget, with the understanding that the selected developer will ultimately take the lead in securing local, state, federal, and private funding to accomplish the site(s) development;
- As a member of the team, assist in the preparation of materials for the Planning Grant Final Plan and the Choice Implementation Grant application, including materials evidencing developer capacity.
- Assist and provide guidance on potential site acquisition, as needed.

TIMELINE FOR DELIVERABLES

Draft deliverables for the Planning Grant Final Plan are due July 28, 2025. Feedback will be provided no later than August 11, 2025. Final deliverables for the Planning Grant Final Plan are due no later than August 25, 2025, for integration into the submission due to HUD by September 12, 2025.

INVITATION EVALUATION

Developers must have extensive experience and financial resources to develop comprehensive housing plans. The successful developer must demonstrate the ability and experience to develop and implement a mixed-income, mixed-finance, mixed-use development, using various funding mechanisms such as Low-Income Housing (LIHTC) Tax Credits, Municipal Bonds, New Market Tax Credits, HOME, CDBG, FHLB, etc.

Preference will be given to developers who have successfully completed similar and other HUD-related housing developments. Developers must be able to demonstrate that they have implemented and operated housing in comparable scope, scale and complexity to the Housing Element of the CN Plan.

Developers are encouraged to present BHA a development team including the principal professional disciplines and trades required to initiate and coordinate the actions and events required to advance the project through various stages from conception to completion. Other

team members are allowed on a discretionary basis of the development and therefore are not required for initial disclosure. Note, BHA reserves the right, as co-developing partners for this project, to actively assist in the procurement of project architects, engineers, general service providers, and all major professional service consultants.

A joint review committee will consider qualifications that clearly demonstrate knowledge of, and ideally experience with, the HUD CN program and applicable federal regulations and requirements. All qualifications must conform to requirements outlined herein. The Grantees reserve the right to select the firm determined to be the most responsive and responsible, and in the judgment of the Grantees that best meets their need for the specified task or tasks. BHA specifically further reserves the right to negotiate all terms of the contract(s), including price.

PROJECT AREA BACKGROUND INFORMATION

The 0.7 square mile Pembroke Neighborhood is defined on the north and west by Stefko Boulevard, on the south by Pembroke Road and the Lehigh River, and on the east by the Bethlehem corporate limits and the Borough of Freemansburg. Because of these physical boundaries, Pembroke is somewhat isolated from the rest of the city.

The Pembroke Neighborhood includes numerous assets that can be connected and leveraged to improve the quality of life for local residents. The neighborhood is strategically located approximately 1 mile to the east of Downtown Bethlehem. It is approximately 1.5 miles from two major universities: Lehigh University and Moravian University. The community features a mixture of residential, commercial and employment uses, including the Just Born Quality Confections world headquarters. Additional smaller manufacturing companies are located just south of the Pembroke Village property. The Pembroke Neighborhood includes a portion of the D&L Trail. Other assets in the neighborhood include Marvine Elementary School, Stefko Shopping Center, and Bayard Park, the Boys and Girls Club, and several local preschools.

Located at 1429 Fritz Drive, the 196-unit Pembroke Village development was constructed in 1941 and includes 28 residential buildings on 19.5 acres of land. It's home to 464 residents. Pembroke Village includes 1-, 2-, 3- and 4-bedroom units, with the majority being 2- and 3-bedroom. It has a 2% vacancy rate. The buildings are in poor to fair physical condition and require significant rehabilitation and retrofit to render the structures viable as safe and sanitary housing.

Across Bethlehem, the BHA operates nearly 1,500 public housing units with a 1% overall vacancy rate. Pembroke Village is one of several large public and assisted low-income housing properties within the Pembroke Neighborhood. Directly adjacent to Pembroke Village are BHA's Marvine, Fairmount Homes, Pfeifle Homes, and Bayard Homes properties. In total, there are 775 units of public housing within the Choice Neighborhood. This high concentration of low-income housing helps to create an island of poverty within the city.

OVERALL PROGRAM GOALS, VISION, AND PRINCIPLES

The Grantees have established the following program goals for the revitalization effort:

1. Create a vibrant, safe, community of high-quality design that meets or exceeds industry standards, and that attracts and retains a broad income mix of residents;

2. Create a sustainable, livable environment featuring a mixture of tenure that could include family and senior housing, rental and homeownership, residential and non-residential uses. Currently targeting approximately 400 housing units, inclusive of 196 replacement PHA units. Community facilities and commercial development elements will be determined in consultation between the City, BHA and developer;
3. Physically integrate the new development into the fabric of the Pembroke community, respecting the local context and character of the surrounding neighborhood;
4. Ensure a high percentage of existing residents can return to redeveloped properties;
5. Create sustainable new development of high quality that meets or exceeds industry standards and incorporates state-of-the-art energy conservation and green practices;
6. Maximize the leverage of public housing funds and minimize dependence on public housing resources through the creative use of the mixed-finance process, private financing, Low Income Housing Tax Credits, and other sources of financing and subsidies;
7. Maximize economic development opportunity for public housing residents, residents and businesses of the City and women-and minority-owned businesses;
8. Aggressively promote all phases of the program and ensure long-term financial stability of developments;
9. The developer can consider the development of off-site replacement units on properties currently owned, or properties that can be acquired by the Grantees;
10. Promptly achieve milestones and deliver development products; and
11. Comply with all applicable federal, state and local laws, regulations, policies, edicts, approval requirements, and court orders.

The Vision for Pembroke Neighborhood is as follows:

Today, the Pembroke Choice Neighborhood is a multicultural, welcoming, and connected community with strong neighborhood anchors and relationships between people. The Pembroke Choice Neighborhood aspires to be a joyful and healthy community with active parks and recreation spaces, thriving local businesses, and safe car-free ways of getting around. The neighborhood will be a place where multigenerational households have the resources and opportunities to grow and thrive.

The emerging housing principles outlined below are informed by the Steering Committee, which includes community stakeholders, BHA residents, BHA staff, and City officials. These principles are guiding the development of housing strategies for the Pembroke CN Plan.

New housing in the Pembroke Choice Neighborhood should:

- a. Be safe and accessible;
- b. Be energy efficient;
- c. Be stable and affordable;
- d. Encourage community voice and ownership;
- e. Encourage neighborhood connection; and
- f. Encourage upward mobility.

REGULATORY SUMMARY

The mixed-finance developments will be implemented under HUD’s “Mixed Finance” Rule for public housing and HUD’s “Subsidy Layering” Rule. The Mixed Finance Rule permits public housing authorities to: (i) allow the development of projects that include nonpublic housing units in addition to public housing units; (ii) enter into partnership or other arrangements with non-profit and for-profit private developers to own the mixed-finance development; and (iii) transfer operating and capital subsidies to public housing units. In addition, the mixed-finance developments will be subject to [HUD’s Cost Control and Safe Harbor Standards](#).

Consistent with Presidential Executive Orders 11625, 12138 and 12432, and Section 3 of HUD Act of 1968, (implemented by 24 CFR Part 75), BHA will make efforts to ensure that small and minority-owned businesses, women’s business enterprises, labor surplus area businesses and individuals or firms located in or owned in substantial part by persons residing in the area of the mixed-finance developments are used when possible.

The selected developer will be required to comply with procurement requirements, relevant regulations, and any other applicable provisions of federal, state, and local laws. The developer must not have any interest which would conflict with the performance of services required by this RFQ or the future CN Plan housing project implementation.

SUBMISSION REQUIREMENTS

The instructions below provide guidance for the preparation and submission of qualifications. Their purpose is to establish the requirements, content and required format for organizing qualifications so that submittals are complete, contain all essential information and can be evaluated fairly. The following represents the extent of the instructions and conditions that are required to be met.

The submission consists of two components: the “Developer Solicitation Form” to be submitted in Excel and the narrative outline below. Submit each section of the narrative as a separate pdf, named with the section header, ie, “a. Letter of Interest.” For the section “b. Profile of the Developer” *only*, submit each named *subsection* as a separate pdf using the naming convention, “b. (name of subsection)” for instance, “b. Comparable Projects.”

- a. **Letter of interest:** The cover letter must list the development team members and identify the primary contact person. The letter must include a statement that the qualifications will remain valid for not less than 90 days from the date of submission.
- b. **Profile of the Developer:** Complete the “Comparable Projects” and “Developer History” tabs of the Developer Solicitation Form. Provide a narrative overview of the developer’s experience in the planning, construction and management of projects similar to what is proposed, including financial capacity. Include the following information:
 - **Comparable Projects:** Provide a one page narrative profile for each of the three most comparable projects completed in the last five years, including location, cost, sources of financing, number of units, bedroom mix, income levels served, community engagement, and PHA/non-profit partners or co-developers, if any. .

- **Key Staff:** Provide profiles/resumes of up to 3 key staff, including the Project Manager, who will be involved in the redevelopment effort. Specify the roles of key staff in carrying out this development initiative and their previous experience with comparable housing development and redevelopment.
- **Property Management:** Provide a one page narrative describing the corporate approach to property management, with reference to management of mixed-income, mixed-finance, and mixed-use rental developments of similar size.
- **Organizational Chart:** Provide a corporate organizational chart. Include all related entities proposed for the development team.
- **References:** Provide 3 references. Prefer references from the “Most comparable projects” profiled above.
- **Federal Compliance:** Describe your experience managing federal compliance and cross-cutting rules potentially applicable to this project, including, without limitation, the following:
 - Davis Bacon and federal labor compliance;
 - Section 3 (24 CFR Part 75),
 - Build America, Buy America (BABA) regulations,
 - MBE/WBE solicitation standards,
 - Federal procurement regulations and other 2 CFR Part 200 compliance.
- **MBE/WBE/Section 3 Utilization:** Provide a one page narrative description of the developer’s previous experience in successfully utilizing MBE/WBE Firms and Section 3 Business Concerns and achieving goals for utilization.
- **Financial Capacity:** Describe the financial capacity of the developer and provider of guarantees. Provide 12/31/24 financial statements, the firm’s most recent two years of audited financials, and at least one bank reference.
- **Guarantees:** Describe guarantees provided to prior projects and discuss how the developer intends to honor all guarantees should the need arise.

The City and/or BHA may request additional documents and information in connection with demonstrating the developer’s financial capacity.

c. **Profiles of Proposed Development Team Members:** Complete the “Proposed Team” tab on the Developer Solicitation Form. Include supplemental narrative description of each proposed firm, *not to exceed two pages per development team member*.

- Provide profiles/resumes of key staff, including the project contact, who will be involved in the redevelopment effort. Specify the roles of key staff in carrying out this development initiative and their previous experience with comparable housing development and redevelopment.
- Describe experience managing federal compliance and cross-cutting rules potentially applicable to this project, including, without limitation, the following:

- Davis Bacon and federal labor compliance;
- Section 3 (24 CFR Part 75),
- Build America, Buy America (BABA) regulations,
- MBE/WBE solicitation standards,
- Federal procurement regulations and other 2 CFR Part 200 compliance.

- d. **Technical Response to Proposed Concept Plans:** Include the developer's initial response to the conceptual plans for on-site housing, market conditions, and the guiding principles for housing development. Specific site designs or renderings are not required in the submittal. The response should address:
- Quality of design
 - Sensitivity to neighborhood context
 - Inclusion of energy efficiency and "green" design features
 - Inclusion of visitable and accessible features
- e. **Financing:** Describe how the developer would pursue financing for the redevelopment effort if selected as development partner. Identify the various funding sources that are appropriate for creating mixed-income developments and the developer's capacity to obtain awards.

Note: HUD's Cost Control and Safe Harbor Standards will be the basis for negotiating business terms of a potential development partnership, including predevelopment costs, developer fee, and other cost sharing provisions.

- f. **Community Participation:** Describe how the team will continue to involve the community in the redevelopment activities. Note the approach and methods the team will utilize to assure meaningful participation by community stakeholders and government entities in the planning and implementation.
- g. **MBE/WBE/Section 3:** BHA and the City area interested in maximizing the economic benefits of revitalization for the residents and businesses of the Pembroke Neighborhood. The response must include a discussion of the approach and methods the developer will utilize to assure stimulation of the local economy by using local businesses including construction contractors, subcontractors, suppliers, legal counsel, accounting, etc. Additionally, the response should address the approach and methods the developer will utilize to: (i) seek and enable strong participation by minority-owned and women-owned businesses; and (ii) assure significant employment of residents of BHA and other individuals eligible as Section 3 participants.
- h. **Cost:**
- Provide a firm fixed fee for the Housing Element Plan services (current scope). Describe any potential add-ons and the firm fixed fee for any add-on services.

- In the “Developer Proposal” tab of the Developer Solicitation Form, outline the preliminary anticipated cost structure of a potential development partnership.

INSURANCE AND BONDS

The selected developer will be required to maintain General Liability, Worker’s Compensation, Automobile Liability, Professional Liability, and other forms of Insurance, with firms authorized to do business in the Commonwealth of Pennsylvania, during the duration of performance of activities pursuant to this RFQ. The developer will also be required to indemnify BHA against claims and obligations due to actions and activities of the developer and not arising from negligence or misconduct of BHA and its employees.

SUBMISSION AND CONTENT QUALIFICATIONS

Submittals must be made in electronic form, including the Developer Solicitation Form in Excel, and in strict accordance with the requirements of this RFQ. Following evaluation of qualifications and approval by BHA, the respondents who are found to be responsive to the RFQ will be ranked.

An informational meeting with potential developers will be held from **1 p.m. to 3 p.m. on Wednesday, Feb. 12, 2025** at the Northeast Community Center, 1161 Fritz Drive, Bethlehem, Pa, 18017. Potential developers will be able to visit the redevelopment site. Communication regarding the solicitation and written questions may be submitted via email to ssatullo@bethlehem-pa.gov by Monday, Feb. 17, 2025. Written answers to all submitted questions will be distributed to all developers attending the information session.

All qualifications must be received no later than **5 p.m. Friday, March 7, 2025**. All qualifications will be valid for 90 days.

Submit qualifications to the following addresses:

John Ritter
Executive Director
Bethlehem Housing Authority
jritter@betha.com

Sara Satullo
Deputy Director of Community Development
City of Bethlehem
[SSatullo@bethlehem-pa.gov](mailto:ssatullo@bethlehem-pa.gov)

All qualifications will be considered as they are construed by the Grantees, with the Grantees reserving the right to reject any and all materials and the right to request oral presentations of all or some of the proposers. The Grantees request that information be succinct. After reviewing the qualifications, additional information may be requested by the Grantees.

AMENDMENTS TO THE RFQ

The Grantees reserve the right to cancel or revise in part or in its entirety this RFQ, including, but not limited to, the selection schedule, the submittal date, and the submittal requirements. The Grantees reserve the right to reject any and all qualifications and to waive minor irregularities. The Grantees further reserve the right to seek new qualifications when doing so is reasonably in the best interest of BHA. All prospective respondents will be notified by written addenda if the Grantees cancel or revise this RFQ.

SELECTION PROCESS

A selection panel of City and BHA representatives will review all responsive submittals to this RFQ. The selection panel shall be sole judge as to evaluation and ranking of submittals. Based on the evaluation and ranking, interviews may be conducted with selected respondents. Final approval of the BHA Board of Directors, by vote at a public meeting, is required for award.

AWARD(s)

It is anticipated that the top-ranked respondent(s) will be interviewed (at the Grantees' option). The final selection of pre-qualified respondents will not create a binding contract or obligation on the part of BHA to enter into a master developer's agreement or any other agreement with any of the pre-qualified respondents.

ATTACHMENTS

Attachment A – Draft Housing Concept Plans

Attachment B -- Market Study

Attachment C – Community Snapshot

Attachment D – Developer Solicitation Form (Excel)

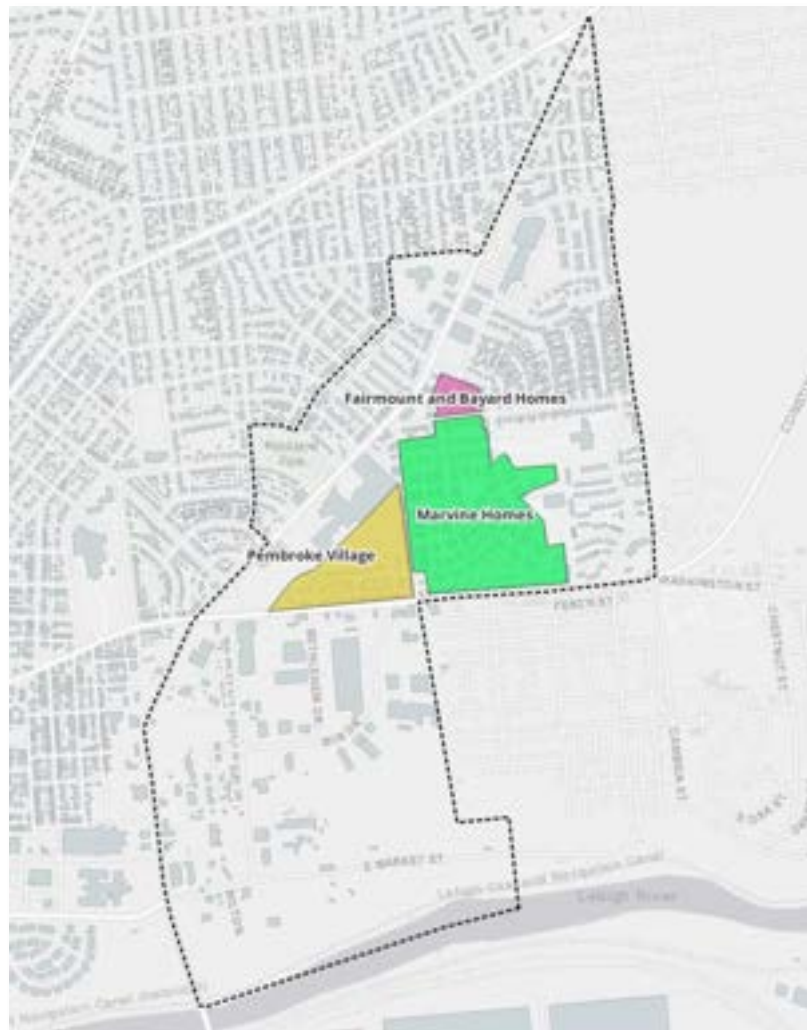
DENSITY STUDY – PEMBROKE VILLAGE



DRAFT - For Illustrative Purposes Only

Attachment A

Pembroke Choice Neighborhood Market Study & Strategy



Prepared for: City of Bethlehem

Prepared by: 4ward Planning Inc.

September 25, 2024



Table of Contents

Introduction.....	1
<i>Background and Purpose</i>	<i>1</i>
<i>Study Outline.....</i>	<i>2</i>
<i>Pembroke Choice Neighborhood and the PMA.....</i>	<i>3</i>
<i>Study Findings</i>	<i>5</i>
Market Takeaways	5
Preliminary Recommendations.....	6
Market Analysis	9
<i>Study Areas</i>	<i>9</i>
Socio-Economic Analysis Trends	9
Population and Households	9
<i>Housing Profile</i>	<i>18</i>
Housing Inventory and Pipeline	19
Vacancy Rates	24
Rents	25
Home Sales.....	26
<i>Housing Supply/Demand Analysis.....</i>	<i>29</i>
Methodology.....	29
Near-Term Housing Demand	30

Pembroke Choice Neighborhood Market Study and Strategy

List of Figures

Figure 1	Pembroke CN, Potential Housing Mix	1
Figure 2	Market Study Phasing	2
Figure 1	Pembroke CN Boundary	3
Figure 2	Pembroke CN 20-Minute PMA	4
Figure 3	Population Trends, Estimates, and Projections	9
Figure 4	Annualized% Population Change Trends and Projections	10
Figure 5	Household Trends, Estimates, and Projections	10
Figure 6	Annualized% Household Change Trends and Projections	10
Figure 7	Household by Type, 2024	11
Figure 8	Annualized Household Formation Change	11
Figure 9	Household Size Trends and Projections	12
Figure 10	People per Household, 2020	12
Figure 11	Household Size vs. Unit Size: Bethlehem City, 2023	12
Figure 12	Housing Tenure as Share of Total Occupied Units, 2024	13
Figure 13	Share Renter-Occupied Housing Units	13
Figure 14	Share Renter-Occupied Housing Units by Block Group	13
Figure 15	Educational Attainment, 2024	15
Figure 16	Income Comparisons, 2024	15
Figure 17	Median Household Income Distribution, 2024	15
Figure 18	Affordable Income Limits by Household Size, Northampton County, 2024	16
Figure 19	Median Household Income by Household Size (2024 Dollars)	16
Figure 20	Median Age Trends	17
Figure 21	Share of Population by Age and Life Stage, 2024	17
Figure 22	Median Income by Householder Age, 2024	17
Figure 23	Average Annual Household Expenditures, 2024	18
Figure 24	Race and Ethnicity by Population Share, 2024	18
Figure 25	Housing Inventory by Structure Type, 2022	19
Figure 26	Share of Housing by Year Built	19
Figure 27	Housing Permits Trends by Unit Type: City of Bethlehem	20
Figure 28	Housing Permits Trends per Year: City of Bethlehem	20
Figure 29	Estimated and Projected Housing Units	20
Figure 30	Single-Family Rentals by Bedroom	21
Figure 31	Rental Properties by Land Use	21
Figure 32	Multifamily Housing Pipeline, 20-Minute PMA	22
Figure 33	Recently Completed Projects, 20-Minute PMA	22
Figure 34	Affordable Housing, 20-Minute PMA	23
Figure 35	Housing Vacancy Trends and Projections	24
Figure 36	Affordable Housing Vacancy Rate Trends and Projections	24
Figure 37	Bethlehem Market Rents by Bedroom, September 2024	25
Figure 38	Affordable Rents by Percent of AMI	25
Figure 39	Bethlehem Median Home Sale Trends, 2012-2024	26
Figure 40	Bethlehem Median Home Sale Price per SQFT Trends, 2012-2024	26
Figure 41	Bethlehem Active Listing Trends, 2012-2024	26
Figure 42	Single-Family Home Sale Price by Bedroom: Bethlehem, 3 Months	27
Figure 43	Single-Family Home Sale Price by Bedroom: Bethlehem, 3 Months	27
Figure 44	Multifamily Property Sale Metrics: Bethlehem, Sept 2019-Sept 2024	28
Figure 45	Number of Multifamily Property Sales: Bethlehem, Q4 2019-Q3 2024	28
Figure 46	Estimated Net Dwelling Unit Demand, 20-Minute PMA	30

Introduction

Background and Purpose

The City of Bethlehem, in partnership with the Bethlehem Housing Authority (BHA), was awarded a HUD Choice Neighborhoods (CN) Planning Grant - a program that supports the revitalization of distressed public housing – for the Pembroke neighborhood. Through the grant, the City and BHA are working with local residents and a variety of community stakeholders to create a Pembroke CN Plan. The CN Plan will be centered on the redevelopment of BHA's Pembroke Village property, which includes 196 units of low-income housing, and will seek to replace 100 percent of housing units within the neighborhood, or in other areas of opportunity for new mixed-income developments. According to the City's recently completed *Opening Doors: Strategies to Build Housing Stability in Bethlehem* initiative, CN calls for a new, mixed-income development and is projected to include approximately 400 to 600 total units in the Pembroke CN.

While the replacement housing program for the Pembroke CN has not yet been determined, according to COLLABO (the planning firm leading community engagement efforts), the ideal housing mix in the Pembroke CN would include a third replacement public housing units (up to 30 percent area median income (AMI)), a third Low-Income Housing Tax Credit (LIHTC or affordable) units (30 to 60 percent AMI), and a third market-rate (unrestricted AMI). Given the constraints of the buildable land in the neighborhood, the low scenario assumes half replacement public housing Units (up to 30 percent AMI) and half a mix of LIHTC and market-rate units. The City also hopes to incorporate some Habitat for Humanity home ownership opportunities into the project (up to 60 percent AMI).

Figure 1 Pembroke CN, Potential Housing Mix

Type	Low Scenario		High Scenario	
	Units	Share	Units	Share
Replacement Public Housing Units (up to 30% AMI)	196	50%	196	33%
LIHTC Units (30% to 60% AMI)	98	25%	196	33%
Market-Rate (unrestricted AMI)	98	25%	196	33%
Units	392	100%	588	100%

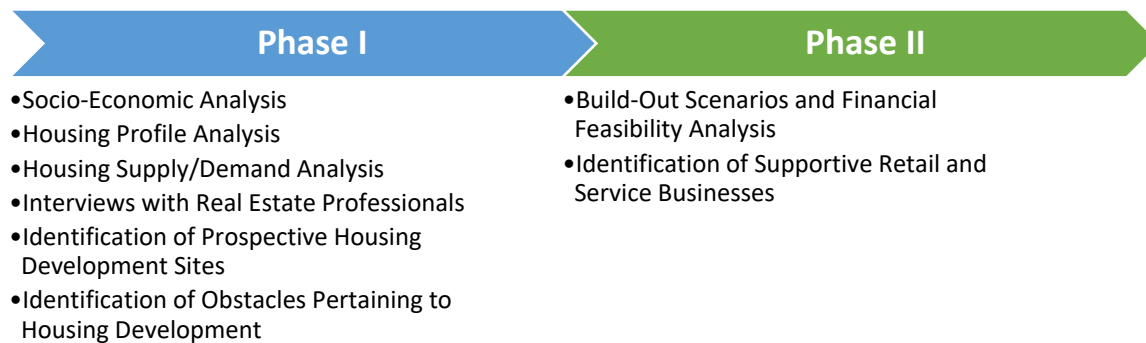
Source: COLLABO

4ward Planning is providing the City of Bethlehem market and financial feasibility analysis services in preparation of a market study and strategy that evaluates the demand for affordable and market-rate housing (rental and for sale), along with supportive commercial uses in the Pembroke CN. This market study will help inform the City, BHA, a potential developer partner, and others interested in local development as to the nature of current housing demand, housing types, and supportive commercial uses most appropriate and achievable for this purpose.

Study Outline

This analysis is conducted in two phases. Phase I provides a general overview of the demand for market-rate and affordable housing within the Pembroke neighborhood, including details such as the current number and types of multifamily and single-family rental and for-sale units, current values and rents, general estimates of demand, and known and anticipated estimates of emerging supply. Phase II will include site-based strategy building upon the results of Phase I and specifically addressing the redevelopment of BHA's Pembroke Village property, along with other opportunity sites, as mixed-income projects to potentially incorporate market-rate, affordable, and replacement public housing units. The strategy will help establish the number and mix of units that could be built on the sites and forecast absorption for various mixes of unit sizes and rents. The strategy will also offer recommendations for supportive retail or service uses that could be included as part of the project. This report presents the findings and recommendations from Phase I.

Figure 2 Market Study Phasing



Pembroke Choice Neighborhood and the PMA

Pembroke Choice Neighborhood

Pembroke CN is located in the eastern portion of the city of Bethlehem in Northampton County, Pennsylvania. As illustrated in Figure 1, the Pembroke CN is generally bordered by Stefko Boulevard to the west, Livingston Street to the east, and the Lehigh River to the South. Pembroke Village is located along Pembroke Road in the center of the Pembroke CN. The majority of the Pembroke CN is located in Census Tract 105, with a portion also located in Census Tract 106.01. In addition to Pembroke Village, the Pembroke CN is home to several large public and assisted low-income housing communities, including Marvine Homes, Fairmount Homes, Pfeifle Homes, and Bayard Homes.

Primary Market Area

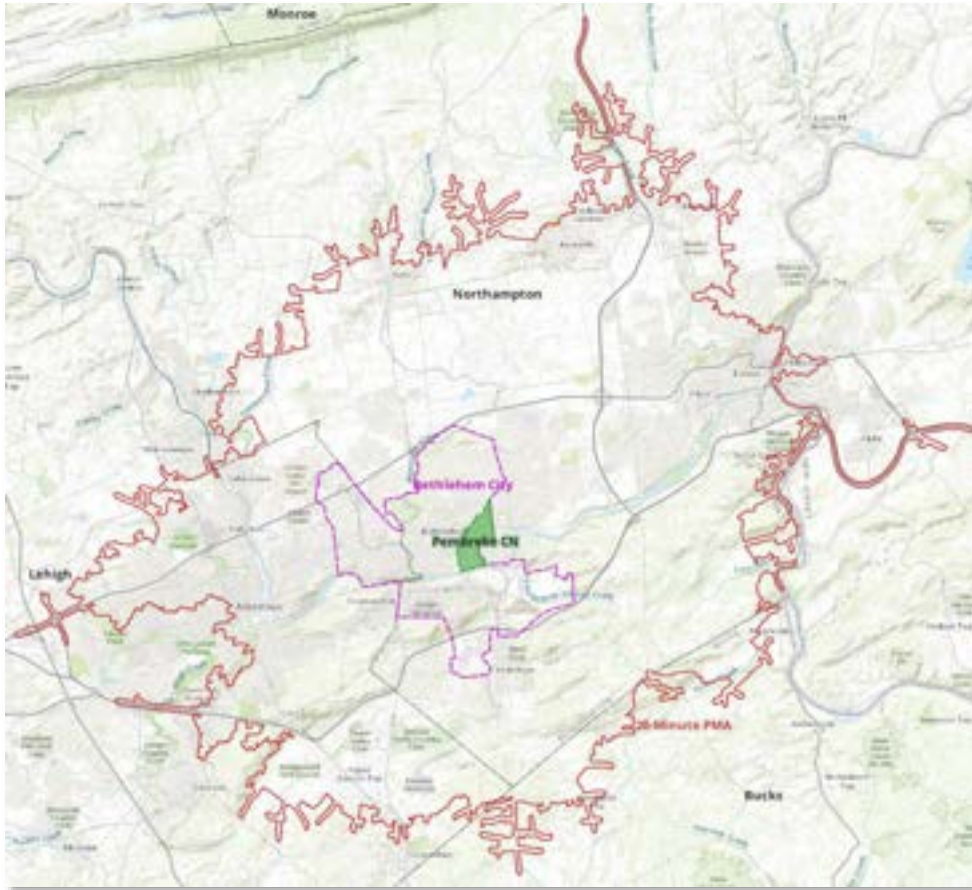
For the market study purposes, we define an area - designated the Primary Market Area (PMA) - as the basis for our analysis of the area's current market and real estate trends. As illustrated in Figure 2, the PMA for this analysis is defined as a 20-minute drive-time primary market area (PMA) from the southeast corner of Pembroke Village housing complex (intersection of Pembroke Road and Marvine Street), which extends to the city of Easton to the east and to the city of Allentown to the west. This PMA represents the area where approximately 75 percent of employed workers and prospective new residents reside. The Pembroke Choice Neighborhood is contained entirely within the PMA.

Figure 1 Pembroke CN Boundary



Source: Esri

Figure 2 Pembroke CN 20-Minute PMA



Source: Esri

Study Findings

Market Takeaways

Socio-Economic Takeaways

Our analysis identifies several significant market takeaways for the study's objective:

- Near-term household growth is expected to remain negative, albeit relatively flat in the 20-minute drive-time primary market area (PMA) (0.4 percent per year through 2029), which will limit near-term demand for new goods and services in the Pembroke CN.
- Although 36 percent of Bethlehem City households are single-person households, just 20 percent of the city's housing stock is composed of studios or one-bedroom units. As a result, there are likely single-person households in the city desiring smaller units (studios or one-bedrooms), if such were available. While multifamily development composed of studios and one-bedrooms in the Pembroke CN could help meet the demand for smaller units in the city, feedback from real estate brokers suggests there is greatest demand for two-bedroom units.
- Currently, the median household income in the Pembroke CN (\$23,250) is approximately a third of that in the 20-minute PMA (\$71,180). Approximately 52 percent of households in the Pembroke CN have household incomes less than \$25,000, compared to just 15 percent of households in the 20-minute PMA.
- Given the number of primary workers in the Pembroke CN who commute more than 25 miles to work (44,530 primary workers in 2021), there is likely unmet housing demand from those eager to trade their long commutes if adequate housing were available in Pembroke CN.

Housing Profile Takeaways

Our analysis identifies housing profile takeaways for the study's objective:

- Building permit data from HUD's State of the Cities Data System show that there has been a recent uptick in housing permits in the city of Bethlehem (an average of 179 residential units were permitted per year from 2020 to 2023). This recent rise in residential permitting and construction is likely creating price shifts in the local housing market as new housing units are developed.
- According to data provided by Moody's Analytics (a provider of economic data and forecasts), as of second-quarter 2024, approximately 1,010 multifamily units have been recently constructed (since 2022), 760 are currently under construction, and 5,620 are being proposed in the Allentown MSA.
- According to the Pennsylvania Housing Finance Agency (PHFA), there are 1,254 existing family/general affordable housing units in the 20-minute PMA (37 percent of all affordable housing units), with two-bedrooms representing the largest share of family/general units (43 percent).
- According to data provided by Moody's Analytics, as of second-quarter 2024, there were another 105 affordable housing units recently completed, and 226 affordable housing units being proposed in the PMA.

Pembroke Choice Neighborhood Market Study and Strategy

- According to Esri Community Analyst (proprietary analysis software), the average housing vacancy rate in the Pembroke CN (3.3 percent in 2024) is relatively tight and expected to remain so through 2029 (3.6 percent). According to data provided by Moody's Analytics, as of second-quarter 2024, Northampton County's affordable housing submarket had a vacancy rate of just 1.0 percent (tighter than that in neighboring Lehigh County, at 2.2 percent).
- Average market rents by bedroom in the city are generally affordable to households at 80 percent of AMI but unaffordable to households below 80 percent of AMI. For example, the average two-bedroom apartment rent in the city of Bethlehem (\$1,795) would be relatively affordable to a household at 80 percent of AMI (can afford \$1,770 per month) but not a household between 30 and 50 percent of AMI (can afford between \$663 and \$1,106 per month).
- Largely due to existing pent-up demand from primary workers who commute into the 20-minute PMA, by 2029, there will be an estimated net demand for approximately 5,230 residential units in the PMA. Assuming between six and 10 percent of these units could be absorbed in the Pembroke CN, the project could easily accommodate between 314 and 523 units (both affordable and market-rate) by 2029. In addition to the 196 replacement units from redevelopment of the BHA's Pembroke Village property, the Pembroke CN could meet demand for between 118 and 327 more units. According to feedback from local real estate brokers and developers, there is strong demand for market-rate, affordable, and public housing.

Preliminary Recommendations

Overall, the Pembroke CN Housing Plan should accommodate households with a broad range of incomes. This includes housing that is available to households with moderate to middle incomes as is needed to improve the housing market dynamics in the Pembroke neighborhood.

To create a well-rounded community, the Pembroke CN Housing Plan should incorporate a mix of building types, varying in size and scale (apartments; stacked townhomes; garden-style, three-story walk-ups) and allowing for higher-density and well-maintained community spaces (community center, park, benches, fire pits, etc.). Inclusion of one-level housing units for elderly and accessibility-challenged residents is highly recommended. The planning and design strategy at the once-distressed North 30th Street Choice Neighborhood in Omaha, Nebraska, offers a model of successful, walkable, mixed-income redevelopment, with 311 new residential units of various types and styles – of which roughly one-third are market-rate offerings, seamlessly blending in with the neighborhood's affordable units and creating a cohesive, welcoming community.

The following outlines our specific rental and ownership housing recommendations for the Pembroke CN based on our market and real estate analysis findings and feedback from local real estate brokers and developers.

Rentals

With approximately 70 percent of the Primary Market Area earning less than the area median income (AMI) (\$98,300 for a family of four) and average two-bedroom market rents in the city of Bethlehem (\$1,795) above the 80 percent AMI rent levels, there is great need in the area for affordable rentals. In addition, given the tight housing market in the 20-minute PMA (see Figure 35), there is an opportunity for market-rate rentals as well, particularly on the eastern and northern portions of the Pembroke CN.

For affordable rentals, we recommend rates in line with the 30 to 60 percent AMI guidelines, which is \$663 to \$1,326 for a two-bedroom rental unit (see Figure 38). For market-rate rentals in this area, we recommend those in line with the median rental rates of the PMA - up to approximately \$1,800 for a two-bedroom unit (see Figure 37).

According to feedback from local real estate brokers and developers, rental housing demand is being driven by a variety of potential occupants: young professionals, young families, divorcees, and empty nesters. Also, there is significant demand for low-rise multifamily (three to four stories) split floorplans (bedrooms are separated, typically by common spaces of the house), as these allow for shared living arrangements.

For market-rate rents, the two closest newly constructed apartment projects (Market Flats Apartments and Six10 Flats) have two-bedroom asking rents of between \$2,225 (\$2.15 per square foot) and \$2,475 (\$2.23 per square foot). Within the Pembroke CN, market-rate rents would likely range from \$1,200 for a one-bedroom apartment, \$1,700 for a two-bedroom apartment, and \$2,100 for a three-bedroom apartment. According to feedback from local real estate brokers, there is strongest demand for two-bedroom apartments.

In order to maximize points awarded by HUD per the 2023 Funding Opportunity (NOFO), 20 percent or more of total rental units in the Pembroke CN Housing Plan should be unrestricted, market-rate rental units.

Homeownership

With just 23 percent of housing in the Pembroke CN owner-occupied, there are few opportunities for local residents to build equity. Since homeowners tend to stay in one place longer than renters, creating more homeownership opportunities in the Pembroke CN could help build stronger social ties and community involvement, which would benefit the whole neighborhood.

There is strong demand for single-family townhomes, which are less expensive to build and provide a more affordable housing product. With the average price of a three-bedroom, single-family home recently selling for \$330,900 in the city of Bethlehem (see Figure 42) and \$267,500 (\$215 per square foot) in the Pembroke CN, asking sale prices for newly constructed two- to three-bedroom, market-rate townhomes (between 1,000 to 1,400 square feet) would command between \$225,000 to \$300,000 – a general range confirmed with feedback from local real estate brokers.

Supportive Retail and Service Businesses

Supportive restaurants, retail, and service businesses play a crucial role in activating a neighborhood by creating a vibrant, dynamic environment that attracts residents, visitors, and businesses. Currently, there are a few restaurants (mostly takeaway), retail, and service businesses in the Pembroke CN, largely located along either Stefko Boulevard or Pembroke Road. New market-rate housing in the Pembroke CN would attract higher-income households from the PMA with higher disposable incomes and ability to spend more on non-essential items - which would help support and expand local business. Potential new housing development in the Pembroke CN (e.g., higher-density townhomes or apartment developments, in particular) would increase the neighborhood's overall household density and customer base, which, in turn, would attract and support more food and beverage establishments. Based on field observations and an analysis of the types and number of retail and service businesses in and surrounding the CN, the following businesses could be market-receptive in the Pembroke CN with the development of new mixed-use housing developments: small-scale personal services and eateries, sit-down restaurants, boutique retail for local entrepreneurs, cafes, and ethnic restaurants (catering to the large local Hispanic or Latino population).

Market Analysis

4ward Planning conducted a market analysis to better understand near- and long-term trends likely to influence residential land-use demand within the Pembroke CN. The examination of projected population and household growth provides insight into near-term shifts in demand from the region's population, based on household income and spending potential.

Study Areas

Using U.S. Census Bureau data, Esri Community Analyst, and other proprietary data sources, 4ward Planning performed a socio-economic analysis covering the Pembroke CN (the base study area), the city of Bethlehem (which straddles both Northampton and Lehigh Counties), and a 20-minute drive-time primary market area (PMA). Where data is not available for the Pembroke CN, data for Census Tract 105 is used. For comparison purposes, data for the Allentown-Bethlehem-Easton, PA-NJ Metropolitan Statistical Area (henceforth the Allentown MSA), which is composed of Northampton and Lehigh Counties, is used. Socio-economic metrics cover population, households (family and non-family), household formation (family and non-family), age, household income, educational attainment, and household expenditures.

Socio-Economic Analysis Trends

Population and Households

Near-term land-use demand in the primary market area is largely driven by population growth and new household formation. Market areas where population is growing, particularly if it is growing rapidly, are more attractive than are market areas where population is flat or in decline.

According to Esri, the rate of population and household growth within the 20-minute PMA is expected to remain relatively flat through 2029. The PMA is projected to increase by approximately 4,180 residents and 3,360 households over the next five years, growing by 0.2 percent and 0.4 percent per year, respectively. Relatively flat population and household growth in the PMA will limit near-term demand for new goods and services.

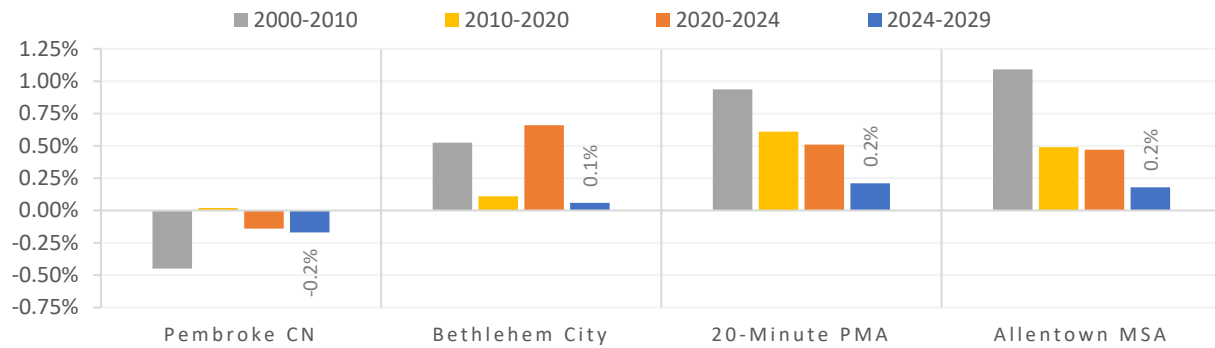
Figure 3 Population Trends, Estimates, and Projections

Radius Area	Counts			Estimates	Projections	2024-2029	
	2000	2010	2020	2024	2029	Change	Annualized % Change
Pembroke CN	4,706	4,495	4,506	4,479	4,441	-38	-0.17%
Bethlehem City	71,248	74,982	75,781	77,927	78,168	241	0.06%
20-Minute PMA	334,622	365,979	388,964	397,476	401,659	4,183	0.21%
Allentown MSA	740,387	821,173	861,889	879,176	886,909	7,733	0.18%

Source: U.S. Census; Esri

Pembroke Choice Neighborhood Market Study and Strategy

Figure 4 Annualized% Population Change Trends and Projections



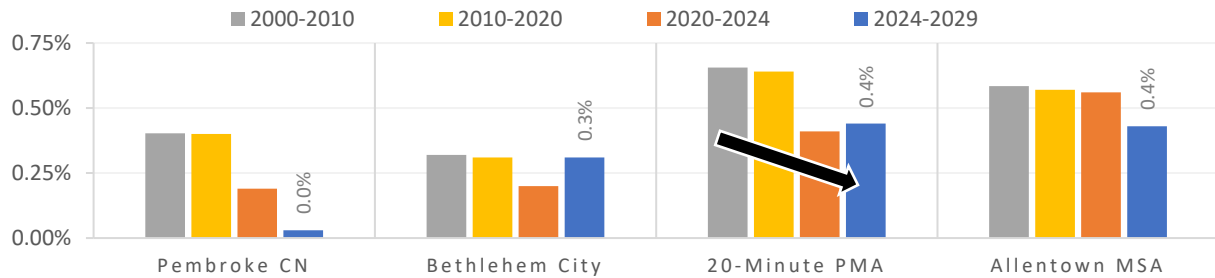
Source: U.S. Census; Esri

Figure 5 Household Trends, Estimates, and Projections

Radius Area	Counts			Estimates	Projections	2024-2029	
	2000	2010	2020	2024	2029	Change	Annualized % Change
Pembroke CN	1,840	1,763	1,834	1,849	1,852	3	0.03%
Bethlehem City	28,088	29,365	30,303	30,560	31,038	478	0.31%
20-Minute PMA	129,067	138,791	147,887	150,491	153,854	3,363	0.44%
Allentown MSA	285,802	315,712	334,162	342,153	349,555	7,402	0.43%

Source: U.S. Census; Esri

Figure 6 Annualized% Household Change Trends and Projections

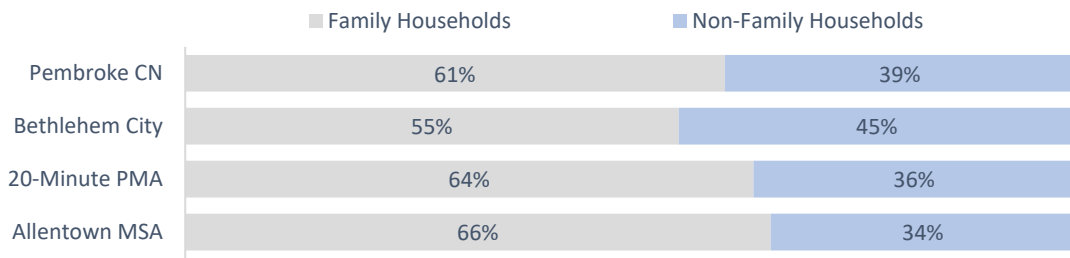


Source: U.S. Census; Esri

Household Type and Formation

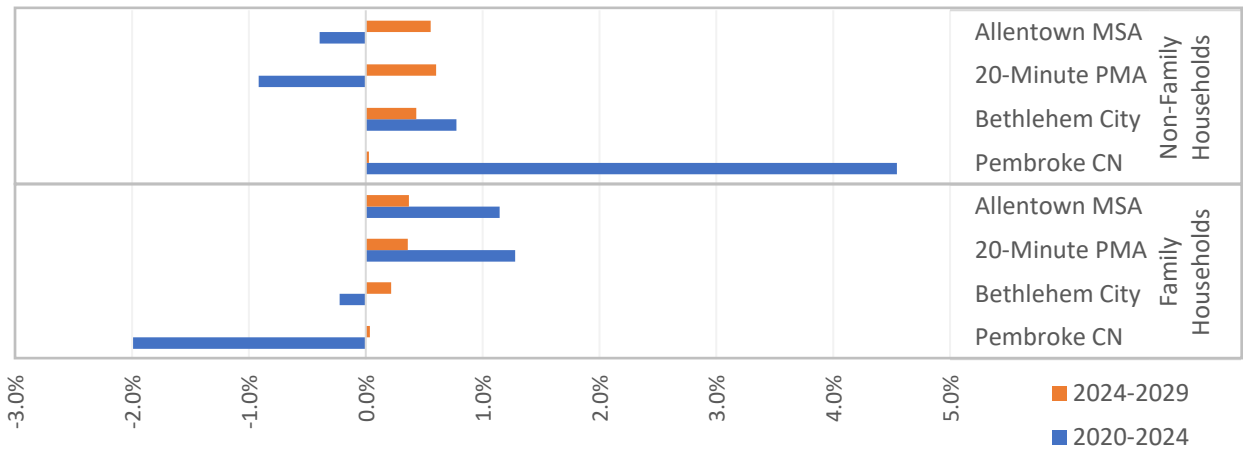
Each household represents an occupied housing unit. A family household is that maintained by a householder who is in a family, while a non-family household consists of a householder living alone (a one-person household) or with people to whom the householder is not related (roommates). While the Pembroke CN is currently predominately composed of family households (61 percent), across all geographies, non-family households have experienced stronger recent growth than family households, as illustrated in Figure 8.

Figure 7 Household by Type, 2024



Source: U.S. Census; Esri

Figure 8 Annualized Household Formation Change



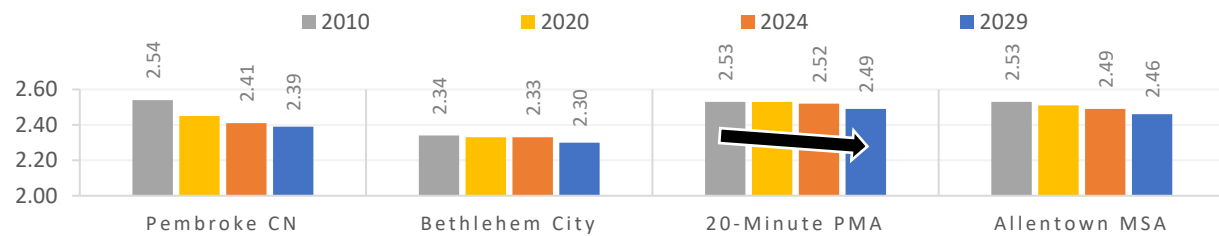
Source: U.S. Census; Esri

Household Size and Type

Household composition and size influences housing demand and affordability. The median household size in the 20-minute PMA is expected to continue decreasing over the near term, from 2.53 persons per household in 2010 to 2.49 persons by 2029 – a trend observed nationally in most urban areas.

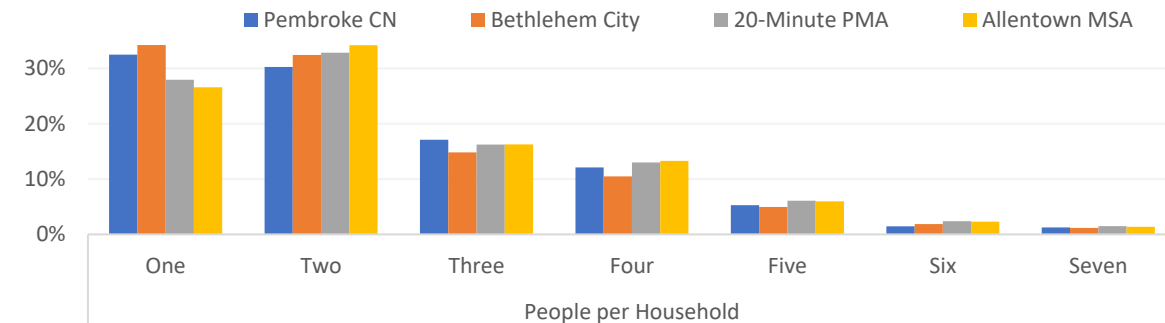
Although 36 percent of Bethlehem City households are single-person households, just 20 percent of the city’s housing stock is composed of studios or one-bedroom units. As a result, there are likely single-person households in the city desiring smaller units (studios or one-bedrooms), if such were available. While multifamily development composed of studios and one-bedrooms in the Pembroke CN could help meet demand for smaller units in the city, feedback from real estate brokers suggests there is greatest demand for two-bedroom units.

Figure 9 Household Size Trends and Projections



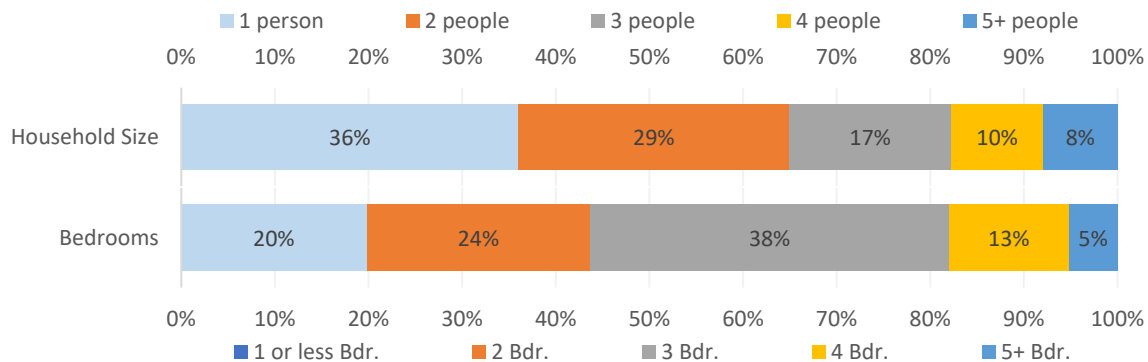
Source: U.S. Census; Esri

Figure 10 People per Household, 2020



Source: U.S. Census; Esri

Figure 11 Household Size vs. Unit Size: Bethlehem City, 2023

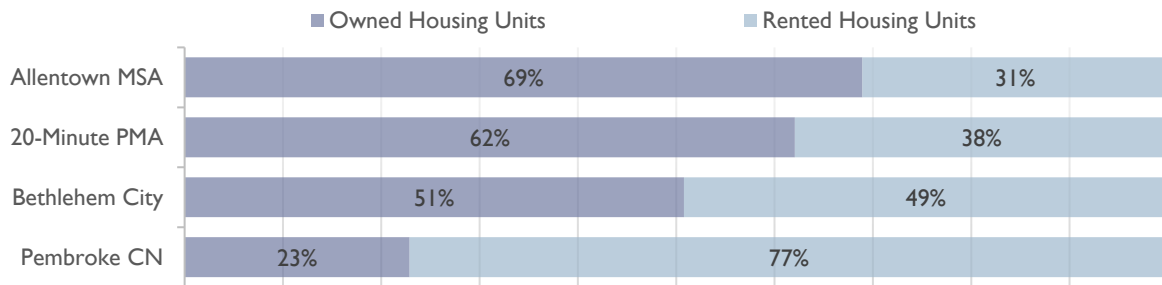


Source: American Community Survey, ACS 1-Year Estimates Detailed Tables, B11016; DP04, 2022

Housing Tenure

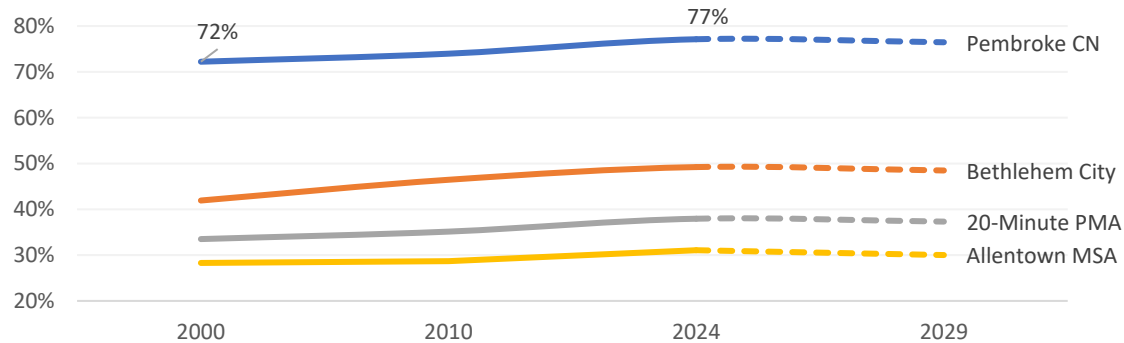
In contrast to the city, the PMA, and the MSA, the Pembroke CN is a predominately renter-occupied housing community, with 77 percent of all housing units classified as renter-occupied – a share higher than that found in the larger PMA (38 percent). The share of renter-occupied housing units in the Pembroke CN has been increasing in recent years - from 72 percent in 2000 to 77 percent in 2024. With just 23 percent of housing in the Pembroke CN owner-occupied, there are few opportunity for local residents to build equity. Since homeowners tend to stay in one place longer than renters, creating more homeownership opportunities could help build stronger social ties and community involvement, which would benefit the whole neighborhood.

Figure 12 Housing Tenure as Share of Total Occupied Units, 2024



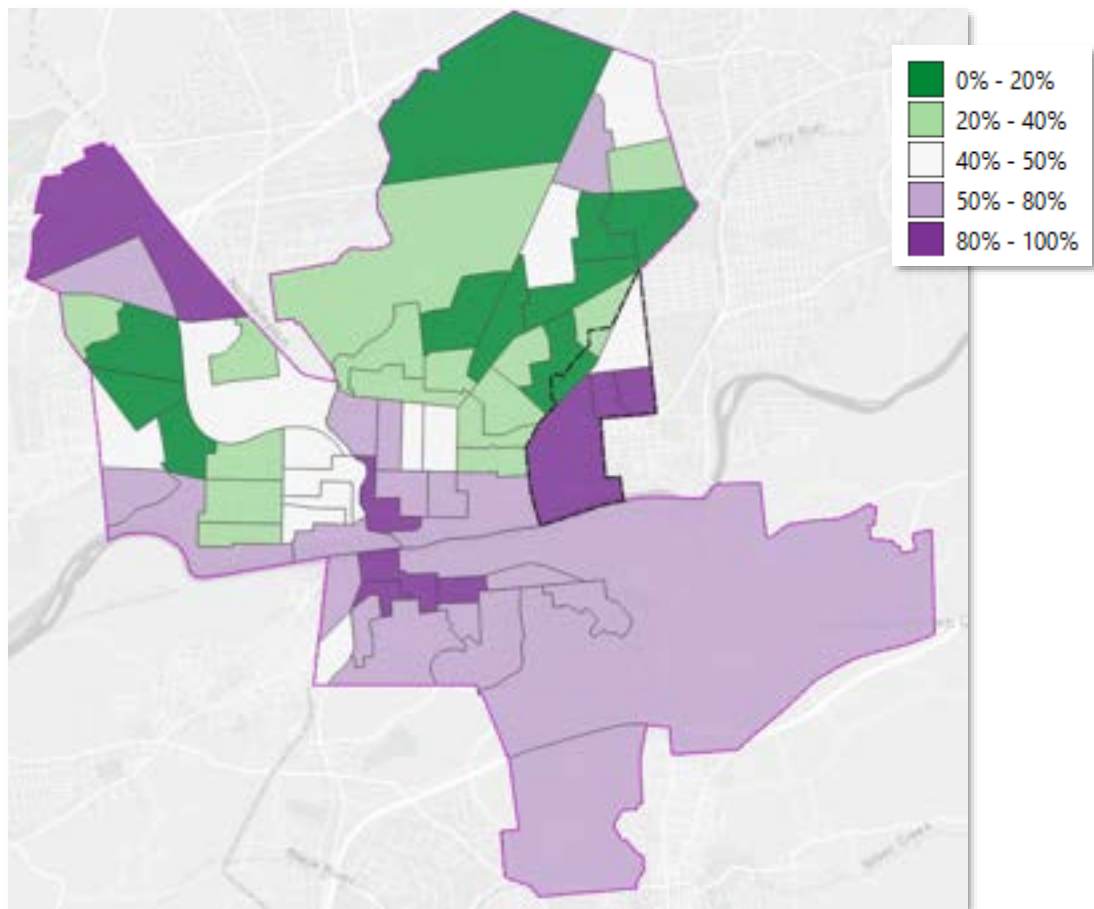
Source: U.S. Census; Esri

Figure 13 Share Renter-Occupied Housing Units



Source: U.S. Census; Esri

Figure 14 Share Renter-Occupied Housing Units by Block Group

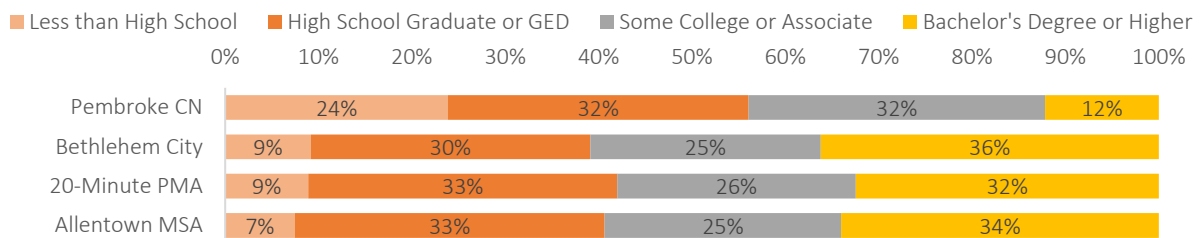


Source: U.S. Census; Esri

Education and Income Levels

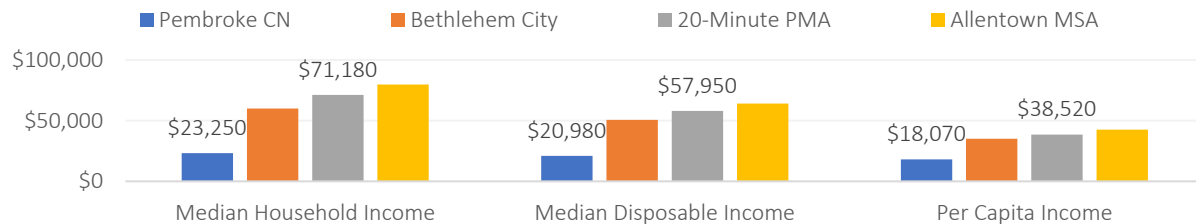
Educational attainment and income levels are relatively low in the Pembroke CN. For example, 12 percent of the adult population ages 25 and older in the Pembroke CN have attained a bachelor's degree or higher, compared to 36 percent in the city. Since educational attainment is often strongly and positively correlated with household income, it is not surprising the median household income in the Pembroke CN (\$23,250) is a third of that in the 20-minute PMA (\$71,180). Approximately 52 percent of households in the Pembroke CN have median household incomes less than \$25,000, compared to just 15 percent of households in the 20-minute PMA. Providing affordable homeownership opportunities in the Pembroke CN could be a help build wealth among local households through home value appreciation and intergenerational wealth building.

Figure 15 Educational Attainment, 2024



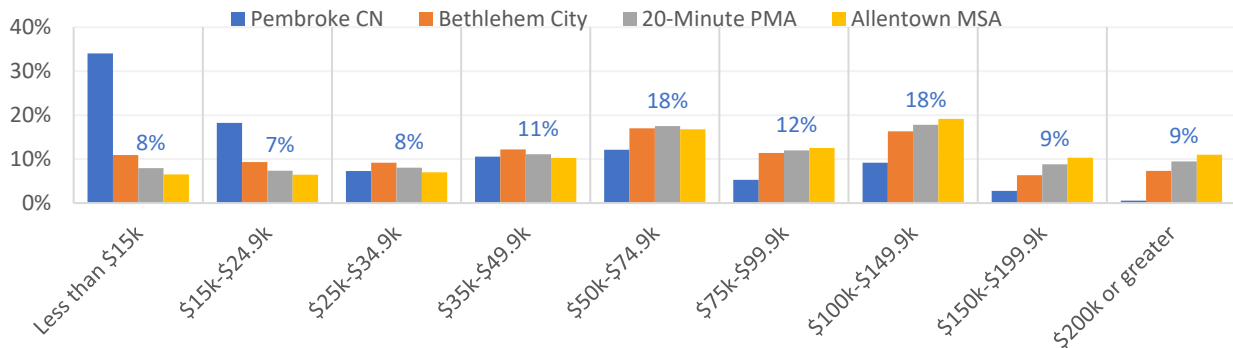
Source: U.S. Census; Esri

Figure 16 Income Comparisons, 2024



Source: U.S. Census; Esri

Figure 17 Median Household Income Distribution, 2024



Source: U.S. Census; Esri

Affordable Housing Income Limits

According to the National Low Income Housing Coalition, across Pennsylvania, there is a shortage of rental homes affordable and available to extremely low-income households (ELI), whose incomes are at or below 30 percent of their area median income (AMI). For a household to be eligible for affordable housing, the Pennsylvania Housing Finance Agency (PHFA) sets respective income and rent limits. In 2024, the AMI for Northampton County is \$98,300 for a family of four. The household income limit for public housing units (up to 30 percent of AMI) would be \$20,670 for a one-person household. The household income limits for Low-Income Housing Tax Credit (LIHTC) units (30 to 60 percent AMI) would be \$41,340 for a one-person household. The household income limits for a Habitat for Humanity home (80 percent of AMI) would be \$55,120 for a one-person household.

Figure 18 Affordable Income Limits by Household Size, Northampton County, 2024

	Persons per Household								
	1	2	3	4	5	6	7	8	9
20%	\$13,780	\$15,740	\$17,700	\$19,660	\$21,240	\$22,820	\$24,380	\$25,960	\$27,520
30%	\$20,670	\$23,610	\$26,550	\$29,490	\$31,860	\$34,230	\$36,570	\$38,940	\$41,280
40%	\$27,560	\$31,480	\$35,400	\$39,320	\$42,480	\$45,640	\$48,760	\$51,920	\$55,040
50%	\$34,450	\$39,350	\$44,250	\$49,150	\$53,100	\$57,050	\$60,950	\$64,900	\$68,800
60%	\$41,340	\$47,220	\$53,100	\$58,980	\$63,720	\$68,460	\$73,140	\$77,880	\$82,560
70%	\$48,230	\$55,090	\$61,950	\$68,810	\$74,340	\$79,870	\$85,330	\$90,860	\$96,320
80%	\$55,120	\$62,960	\$70,800	\$78,640	\$84,960	\$91,280	\$97,520	\$103,840	\$110,080

Source: Pennsylvania Housing Finance Agency, 2023

Comparing the average household incomes in the Pembroke CN (based on Census Tract 105) to the income limits set by PHFA, one- and two-person households generally earn 17 to 42 percent of AMI, while three- and four-person households have incomes around 35 to 42 percent AMI. In contrast, when comparing the average household incomes in the larger Allentown MSA to the income limits set by PHFA, one- and two-person households generally earn 39 to 87 percent of AMI, while three- and four-person households have incomes around 109 to 121 percent AMI.

Figure 19 Median Household Income by Household Size (2024 Dollars)

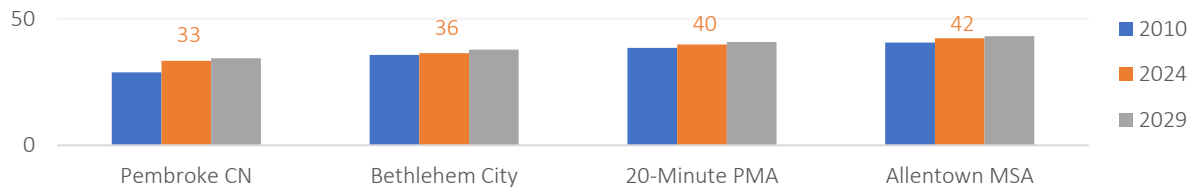
Household Size		Median Household Incomes (2024 Adjusted)				Percent of AMI (2024)			
		Census Tract 105	Bethlehem City	Northampton County	Allentown MSA	Census Tract 105	Bethlehem City	Northampton County	Allentown MSA
HH Size	One	\$17,600	\$40,673	\$43,284	\$41,738	17%	38%	41%	39%
	Two	\$44,731	\$85,390	\$94,861	\$91,799	42%	81%	90%	87%
	Three	\$36,628	\$85,169	\$118,900	\$115,701	35%	81%	112%	109%
	Four	\$44,566	\$94,853	\$138,673	\$128,068	42%	90%	131%	121%
	Five	-	\$80,548	\$135,488	\$122,398	-	76%	128%	116%
	Six	-	\$90,671	\$146,427	\$135,478	-	86%	138%	128%
	Seven	-	\$110,200	\$125,035	\$110,620	-	104%	118%	105%
Total		\$33,878	\$66,803	\$88,466	\$84,587	32%	63%	84%	80%

Source: American Community Survey, ACS 5-Year Estimates Detailed Tables, B19019, 2022; U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U)

Median Age and Life Stage

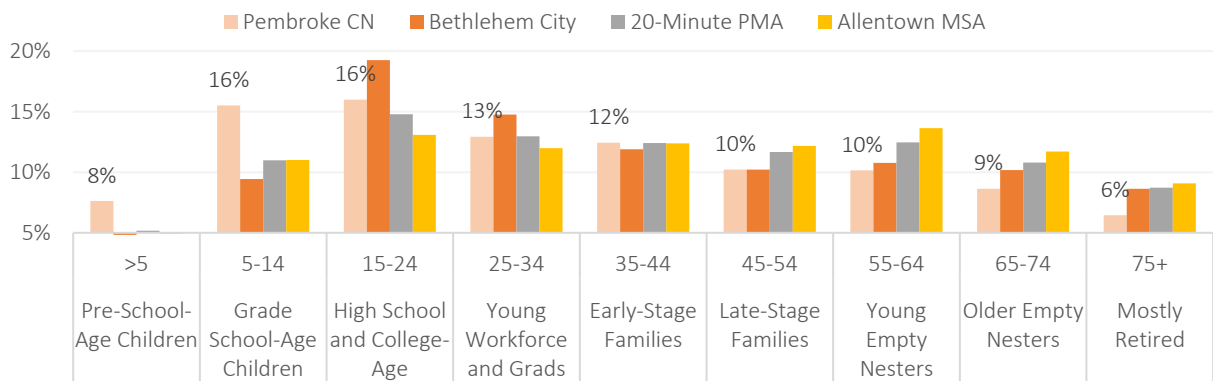
Housing tenure - whether a person owns or rents their home - changes significantly with age, reflecting key life stages and financial stability. The median age in the Pembroke CN is relatively young (33 years), with 40 percent of residents under 25 years old. According to a 2024 report published by the National Association of REALTORS (NAR), buyers between ages 25 and 44 (largely representing the millennial generation) make up the largest share of home buyers (38 percent).¹ This age cohort composes approximately a quarter of those living in both the Pembroke CN and the PMA. The median household income among PMA householders between ages 25 and 44 (representing young workforce and grads, and early-stage families) ranges from \$74,490 to \$90,150.

Figure 20 Median Age Trends



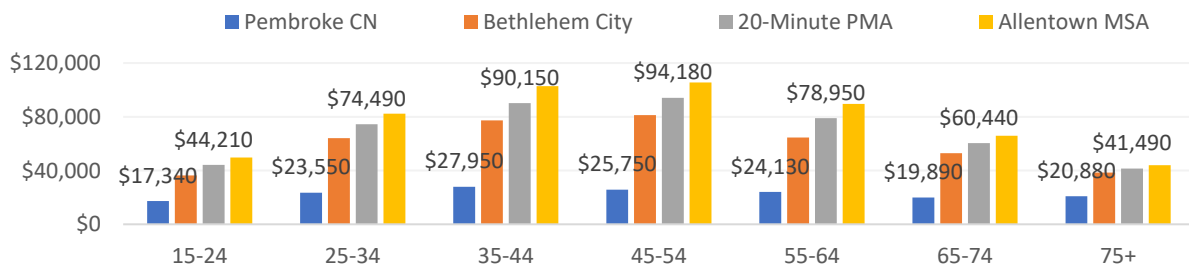
Source: U.S. Census; Esri

Figure 21 Share of Population by Age and Life Stage, 2024



Source: U.S. Census; Esri

Figure 22 Median Income by Householder Age, 2024



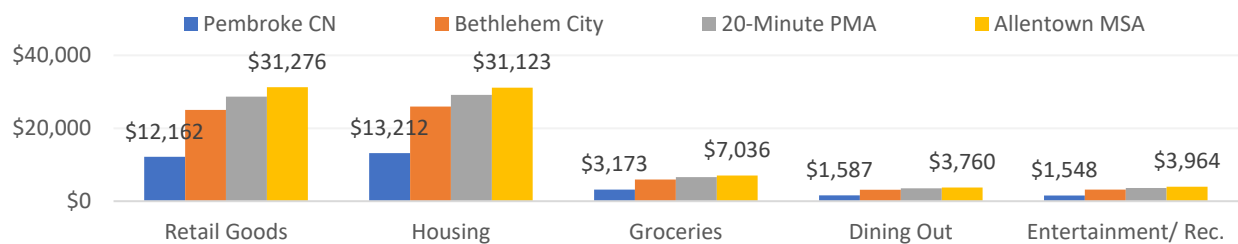
Source: U.S. Census; Esri

¹ National Association of REALTORS® Research Group, 2024 NAR Home Buyers and Sellers Generational Trends

Household Expenditures

Given relatively lower household incomes, it is not surprising that Pembroke CN households spend less on a range of selected goods and services compared to the average household in the MSA. For example, the average Pembroke CN household spends approximately \$13,210 per year on housing, compared to \$31,120 in the MSA. New market-rate housing in the Pembroke CN would attract higher-income PMA households with higher disposable incomes and ability to spend more on non-essential items, which would help support local businesses. Potential housing development in the Pembroke CN (e.g., higher-density townhomes or apartment developments, in particular) could increase its overall household density and customer base, which, in turn, could also help attract and support more food and beverage establishments.

Figure 23 Average Annual Household Expenditures, 2024

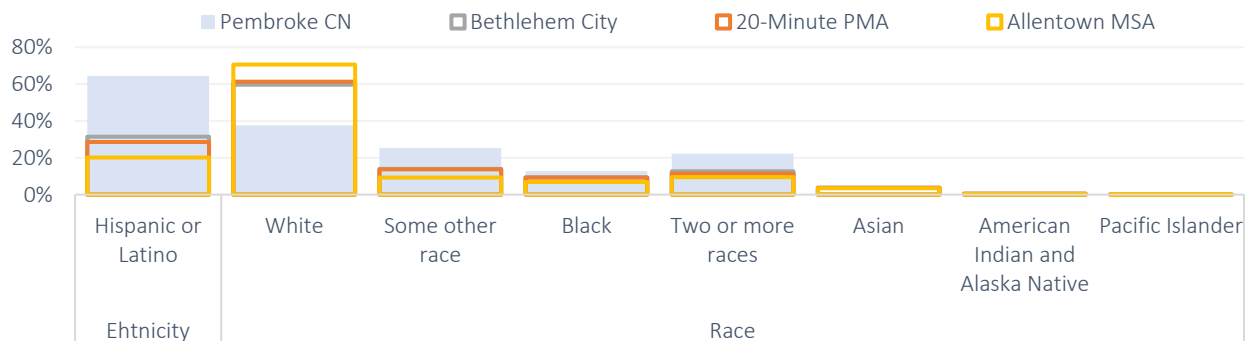


Source: Consumer Expenditure Survey, Bureau of Labor Statistics; Esri

Race and Ethnicity

The population in the Pembroke CN is largely composed of Hispanic or Latino persons (64 percent), a share more than double that in the city (31 percent). According to data from the Census Bureau, homeownership in the U.S. varies significantly by race and ethnicity. In the fourth quarter of 2023, the homeownership rate among non-Hispanic White Americans was 73.8 percent, followed by Asian Americans (63 percent), Hispanic Americans (49.8 percent), and Black Americans (45.9 percent). According to the 2023 State of Hispanic Homeownership Report, while the homeownership rate of Hispanic/Latinx households continues to lag behind that of White households, homeownership growth in the nation is increasingly being driven by Latinos. Hispanic households have been responsible for 25.6 percent of the country's overall homeownership growth over the last 10 years. The largest share of Hispanic homebuyers falls into the 25 to 34 age bracket.

Figure 24 Race and Ethnicity by Population Share, 2024



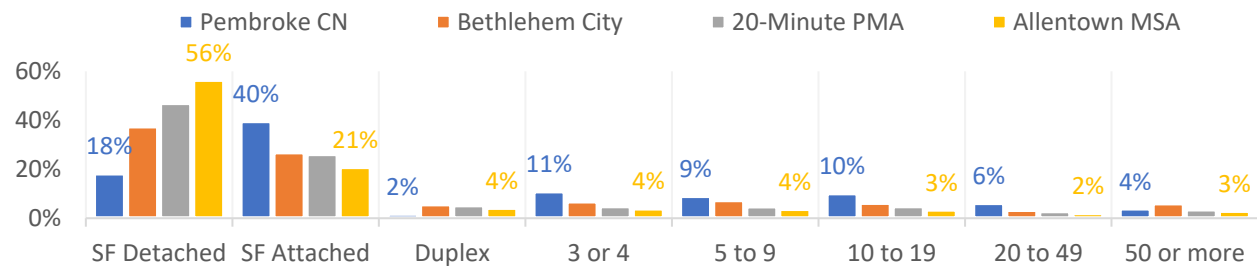
Source: U.S. Census; Esri

Housing Profile

Housing Structure Type and Age

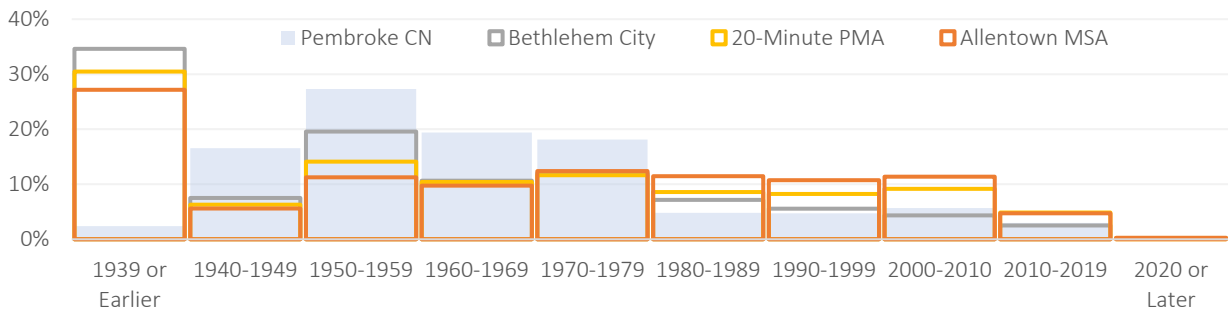
According to Esri, 40 percent of units in the Pembroke CN are single-family attached units (e.g., townhouse, duplex, or rowhouse), which are traditionally cheaper to purchase and develop compared to single-family detached homes. In contrast to the city and larger region, the Pembroke CN has a small share of housing built before 1940 (two percent) and the largest share of housing built in the 1950s (27 percent).

Figure 25 Housing Inventory by Structure Type, 2022



Source: American Community Survey, Esri

Figure 26 Share of Housing by Year Built



Source: U.S. Census; Esri

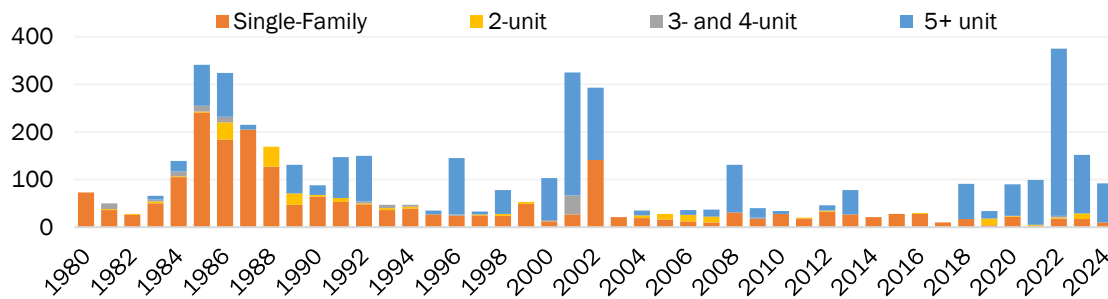
Housing Inventory and Pipeline

All Housing

Building permit data from the U.S. Department of Housing and Urban Development (HUD)'s State of the Cities Data System building permits database show that the average number of annual units permitted in the city of Bethlehem has increased in recent years. For example, an average of 179 residential units were permitted per year from 2020 to 2023 compared to just 39 per year from 2010 to 2019. From 2020 to 2023, 89 percent of units that received permits in the city were in multifamily buildings with five or more units. Likewise, preliminary data as of June 2024 shows 82 units permitted in the city, 89 percent of which were in multifamily structures. The recent uptick in city housing permits suggests there has been a recent rise in residential construction activity and potential housing price shifts in the local housing market as new housing is developed.

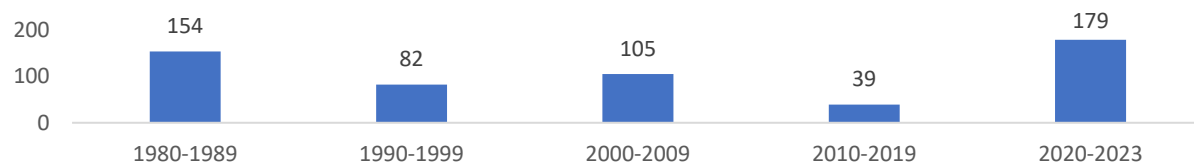
Pembroke Choice Neighborhood Market Study and Strategy

Figure 27 Housing Permits Trends by Unit Type: City of Bethlehem



Note: Preliminary data for 2024 is as of June and is subject to subsequent monthly revision throughout the remainder of the year.
Source: U.S. Department of Housing and Urban Development, State of the Cities Data System Building Permits Database

Figure 28 Housing Permits Trends per Year: City of Bethlehem



Source: HUD's State of the Cities Data System Building Permits Database

According to Esri, there are approximately 30,560 housing units in the city with 1,850 of these units in the Pembroke CN. In the near term, Esri expects the total number of housing units in the city to increase by approximately 480 units by 2029 or 0.4 percent per year. Absent investment in the Pembroke CN, the number of units in the Pembroke CN is expected to remain relatively flat (0.1 percent per year) in the near term.

Figure 29 Estimated and Projected Housing Units

	Pembroke CN	Bethlehem City	20-Minute PMA	Allentown MSA
2024	1,849	30,560	150,491	342,153
2029	1,852	31,038	153,854	349,555
New Units to Be Built (2024-2029)	3	478	3,363	7,402
Annualized Change (2024-2029)	0.1%	0.3%	0.4%	0.4%

Source: U.S. Census; Esri

Rentals

According to data provided by the City of Bethlehem, there are 95 rental properties in the Pembroke CN. Of the 78 single-family rentals with available bedroom counts, 74 percent are three-bedroom units.

Figure 30 Single-Family Rentals by Bedroom

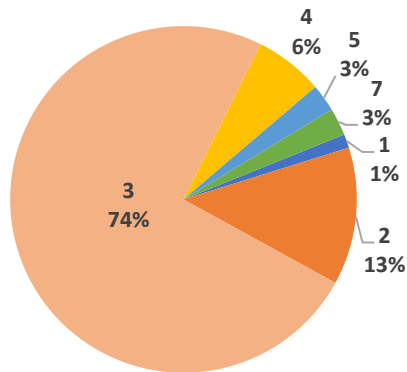
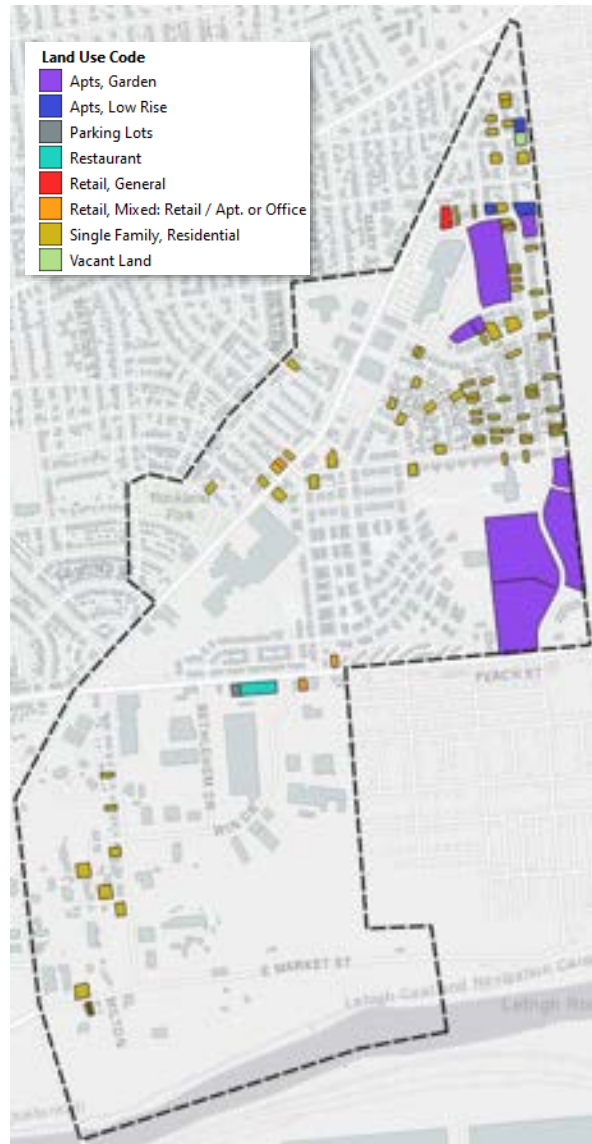


Figure 31 Rental Properties by Land Use

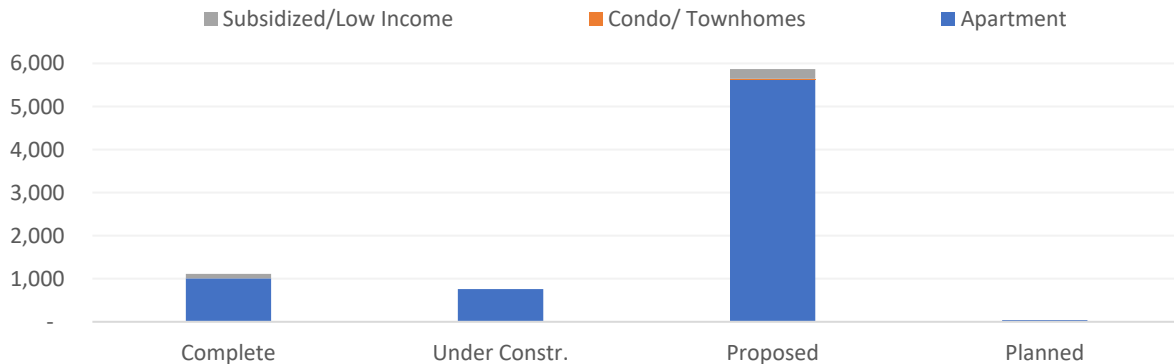


Source: City of Bethlehem

Multifamily Housing

According to data provided by Moody's Analytics, as of second-quarter 2024, approximately 1,010 multifamily units have been recently constructed (since 2022), 760 are currently under construction, and 5,620 are being proposed in the 20-minute PMA. Market Flats Apartments and Six10 Flats are the closest, recently built, market-rate apartment projects. Located just over half a mile west of the Pembroke CN, the recently built Market Flats Apartments feature studios, and one- and two-bedroom apartments with in-unit amenities including stainless steel appliances and quartz countertops, and community amenities such as a resident lounge and community grocery store. There is currently a 1,037-square-foot, two-bedroom unit listed for rent at \$2,225 (\$2.15 per square foot) per month. Located under a mile south of the Pembroke CN, the recently built Six10 Flats features one- and two-bedroom apartments with in-unit amenities including stainless steel appliances and quartz countertops, and community amenities such as a clubhouse, fitness center, and dog-wash area. There is currently a 1,109-square-foot, two-bedroom unit listed for rent at \$2,475 (\$2.23 per square foot) per month.

Figure 32 Multifamily Housing Pipeline, 20-Minute PMA



Source: Moody's Analytics, 2Q 2024.

Figure 33 Recently Completed Projects, 20-Minute PMA

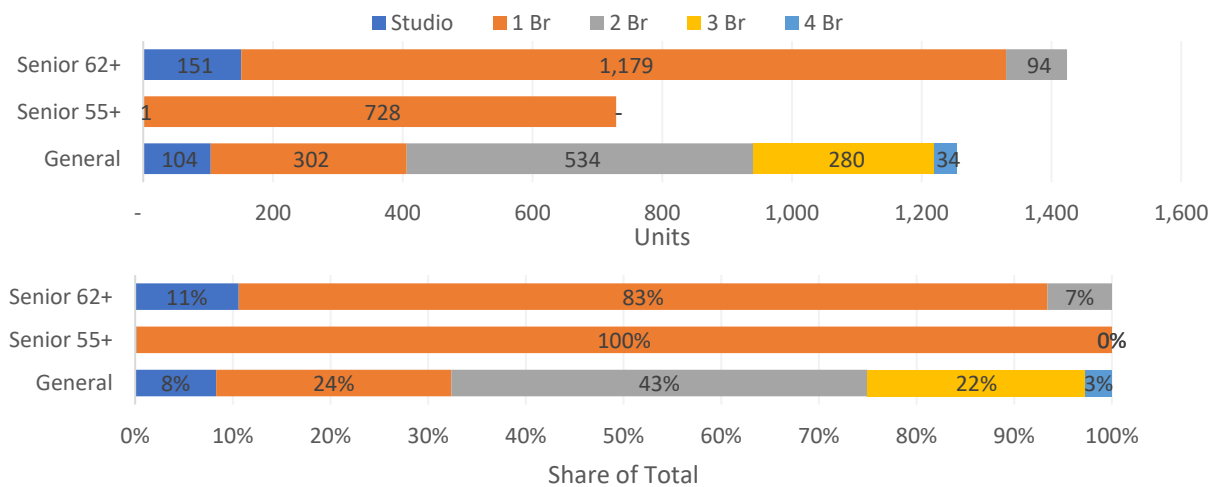
Name	Type	City	Completion	Units
Market Flats Apts.	Apts.	Bethlehem	2024	42
Bridgeside Estates Ph 1	Affordable	Allentown	2024	50
The Reserve at Palmer Pointe	Apts.	Easton	2023	312
The Commodore	Apts.	Easton	2023	32
Six10 Flats	Apts.	Bethlehem	2023	75
543 - 545 Hillside Ave	Apts.	Bethlehem	2022	2
The Armory	Apts.	Bethlehem	2022	71
The Hive Residences	Apts.	Allentown	2022	258
Riverfront Lofts Ph 1	Apts.	Allentown	2022	25
201 Cherokee St	Apts.	Bethlehem	2022	50
The Seville Apts.	Apts.	Easton	2022	68
Easton Yards	Apts.	Easton	2022	72
The Mill at Easton	Affordable	Easton	2022	55
Total				1,112

Source: Moody's Analytics, 2Q 2024

Pembroke Choice Neighborhood Market Study and Strategy

There are approximately 1,450 affordable housing units in the Bethlehem Housing Authority's conventional housing program. According to data provided by the PHFA for Northampton and Lehigh Counties, there are 3,407 additional affordable housing units in 59 complexes in the 20-minute PMA: 24 complexes are for family/general occupancy (1,254 units or 37 percent), 17 complexes are for seniors 55 and older (729 units or 21 percent), and 18 complexes are for seniors 62 and older (1,424 units or 42 percent). While one-bedrooms represent the largest share of units for both seniors 55 or 62 years and older (100 and 83 percent, respectively), two-bedrooms represent the largest share of units for family/general occupancy (43 percent). According to data provided by Moody's Analytics, as of second-quarter 2024, there were another 105 affordable housing units recently completed and 226 affordable housing units being proposed in the PMA.

Figure 34 Affordable Housing, 20-Minute PMA



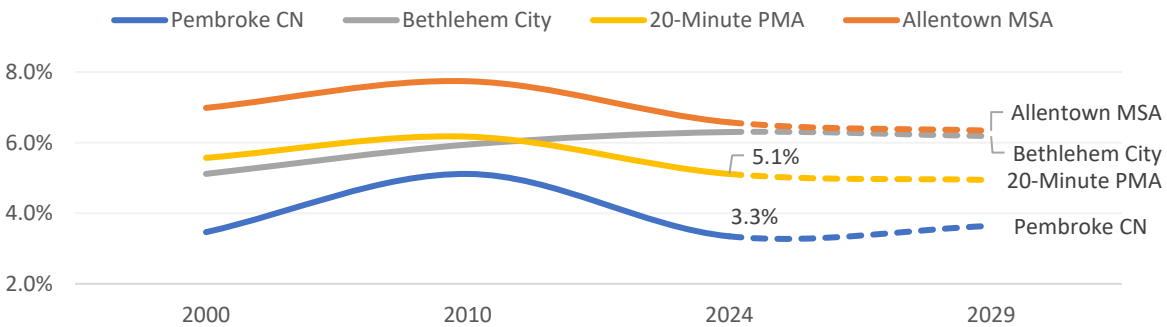
Source: Pennsylvania Housing Finance Agency, Inventory of Affordable Housing, Northampton and Lehigh Counties, as of 6/21/223

Vacancy Rates

All Housing

Generally, a vacancy rate between four and seven percent is an indicator of balanced supply and demand in a housing market. The average housing vacancy rate in the Pembroke CN (3.3 percent in 2024) is relatively tight and expected to remain relatively tight through 2029 (3.6 percent). Consequently, developing new housing units within the Pembroke CN could help alleviate its tight rental market.

Figure 35 Housing Vacancy Trends and Projections

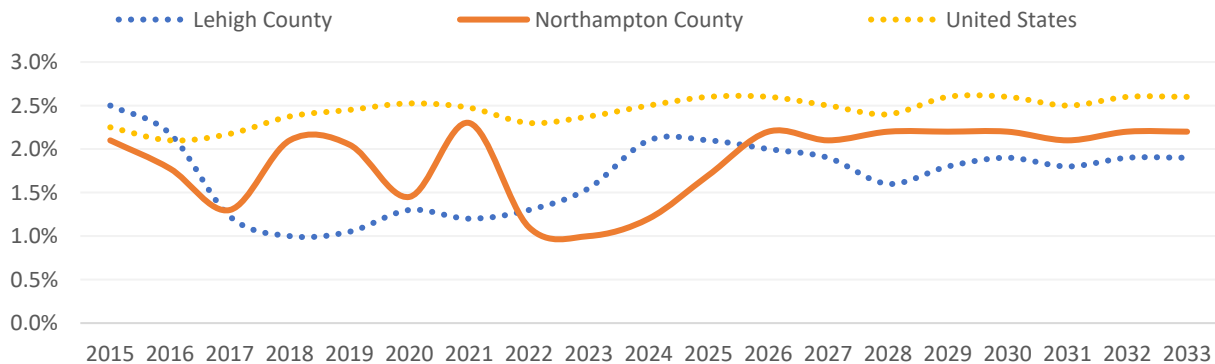


Source: U.S. Census; Esri

Affordable Housing

The affordable housing vacancy rate in Northampton County is relatively tight compared to that in the region and nation. According to data provided by Moody's Analytics, as of second-quarter 2024, the Northampton County affordable housing submarket had a vacancy rate of just 1.0 percent, compared to 2.2 percent in neighboring Lehigh County and 2.5 percent in the nation. However, the vacancy rate in Northampton County is expected to loosen over the next decade, as new affordable housing is developed, expected to hover around 2.2 percent in Northampton County through 2033 (compared to 1.9 percent in Lehigh County).

Figure 36 Affordable Housing Vacancy Rate Trends and Projections



Source: Moody's Analytics, 2Q 2024

Rents

Market Rents

According to September 2024 data provided by Zillow (a national provider of real estate data), the average rent for a studio apartment in Bethlehem ranged from \$1,084 for a studio to \$2,750 for a four-bedroom. While two-bedrooms represent nearly a third of all currently available rental units (66 units), two-bedroom rents have remained flat over the past year. Three-bedrooms have experienced the greatest year-over-year increase in rent (\$199), suggesting there may be greatest demand for these three-bedroom rentals.

Figure 37 Bethlehem Market Rents by Bedroom, September 2024

Bedrooms	Available Rentals	Median Rent	Year-Over-Year Change
Studios	4	\$1,084	\$85
One-Bedrooms	41	\$1,500	\$72
Two-Bedrooms	66	\$1,795	\$0
Three-Bedrooms	51	\$2,099	\$199
Four-Bedrooms	45	\$2,750	\$130
Total	207	\$1,880	\$30

Source: Zillow Rentals Data, data updated as of September 29, 2024

Affordable Rents

Figure 38 compares affordable rents by bedroom based on data provided by PHFA by AMI for Northampton County and average monthly rent-by-bedroom data provided by Zillow for the city of Bethlehem. Except for four-bedroom units, average market rents by bedroom in the city are generally affordable to households at 80 percent of AMI but unaffordable to households between 30 and 50 percent of AMI. For example, average two-bedroom apartment rent in the city of Bethlehem (\$1,795) would be relatively affordable to a household at 80 percent of AMI (can afford \$1,770 per month) but not a household between 30 and 50 percent of AMI (can afford between \$663 and \$1,106 per month).

Figure 38 Affordable Rents by Percent of AMI

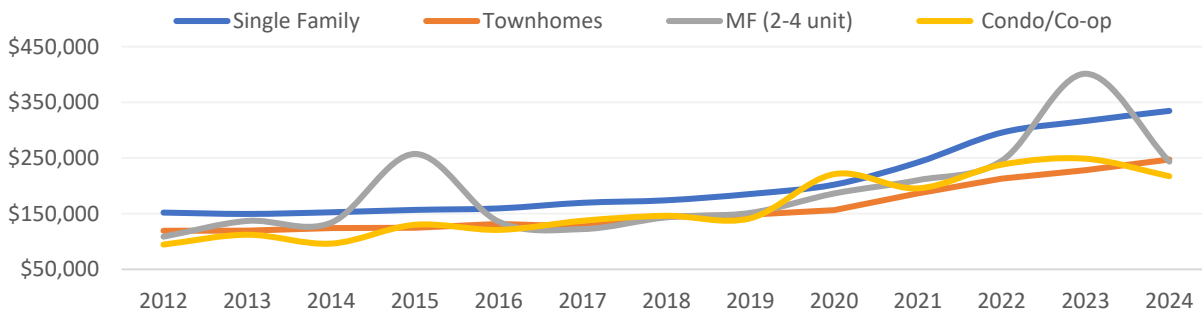


Source: Pennsylvania Housing Finance Agency, 2023; Zillow, September 2024

Home Sales

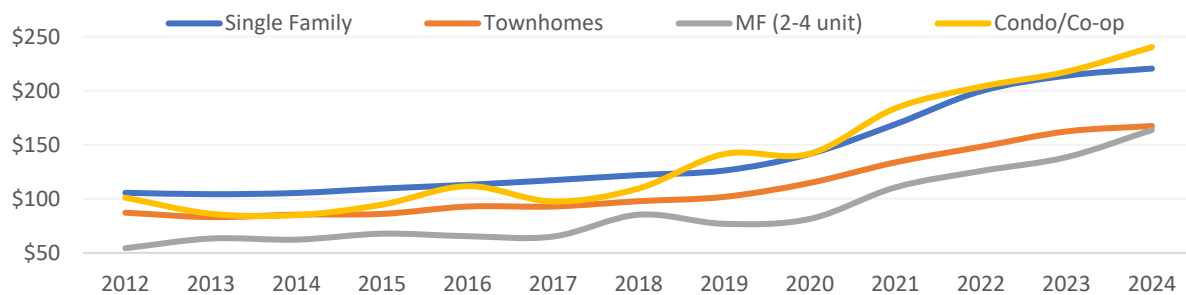
According to Figure 18, the household income limits for a potential Habitat for Humanity home (up to 80 percent of AMI) would range from \$55,120 for a one-person household to \$110,080 for a nine-person household. According to data provided by Redfin (a real estate brokerage), in August 2024, the median home sale price in the city of Bethlehem was \$350,750 for a single-family home (\$231 per square foot), \$255,000 for a condo/co-op (\$219 per square foot), \$250,000 for a townhome (\$174 per square foot), and \$277,450 for a multifamily duplex, triplex, or quadplex home (\$163 per square foot).

Figure 39 Bethlehem Median Home Sale Trends, 2012-2024



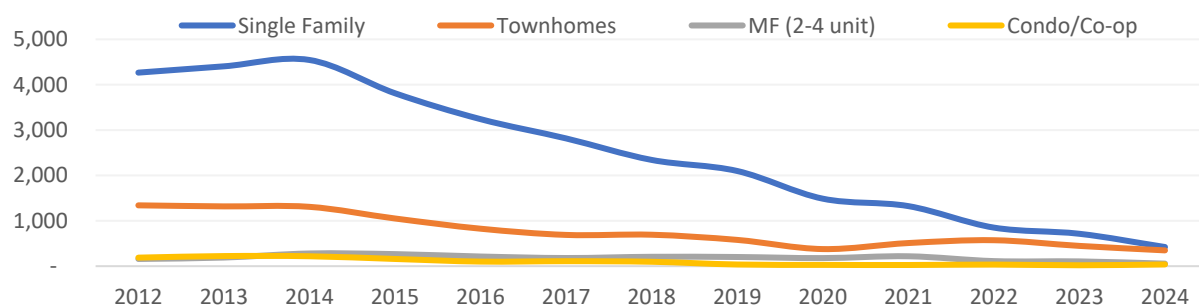
Source: Redfin, data as of August 2024

Figure 40 Bethlehem Median Home Sale Price per SQFT Trends, 2012-2024



Source: Redfin, data as of August 2024

Figure 41 Bethlehem Active Listing Trends, 2012-2024



Source: Redfin, data as of August 2024

Single-Family

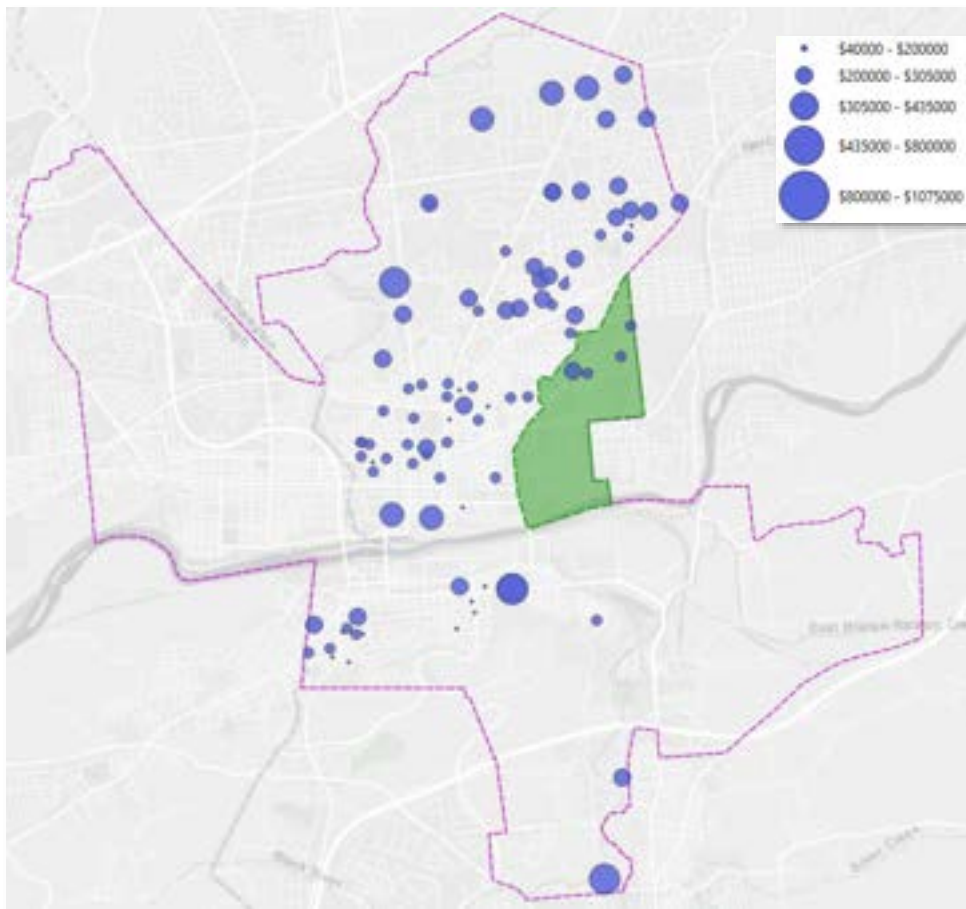
According to the last three months of single-family home sales data provided by Attom Data Solutions (a leading provider of nationwide property data), three-bedroom, single-family homes represented just over half (58 percent) of all home sales, with an average sale price of \$331,848 (\$202 per square foot). Recent sale prices for the four three-bedroom homes recently sold in the Pembroke CN range from \$220,000 to \$345,000, an average of \$267,500 (\$215 per square foot).

Figure 42 Single-Family Home Sale Price by Bedroom: Bethlehem, 3 Months

Bedrooms	Number	Average SF	Average Sale Price	Average Sale Price per SF
1	1	1,470	\$280,000	\$190
2	21	1,155	\$320,019	\$262
3	53	1,624	\$331,848	\$202
4	13	1,918	\$328,538	\$172
5	3	1,805	\$306,333	\$172
7	1	4,886	\$350,000	\$72
Total	92	1,598	\$327,482	\$209

Source: Attom Data Solutions, data for Aug 1, 2024-Oct 1, 2024

Figure 43 Single-Family Home Sale Price by Bedroom: Bethlehem, 3 Months



Source: Attom Data Solutions, data for Aug 1, 2024-Oct 1, 2024

Multifamily

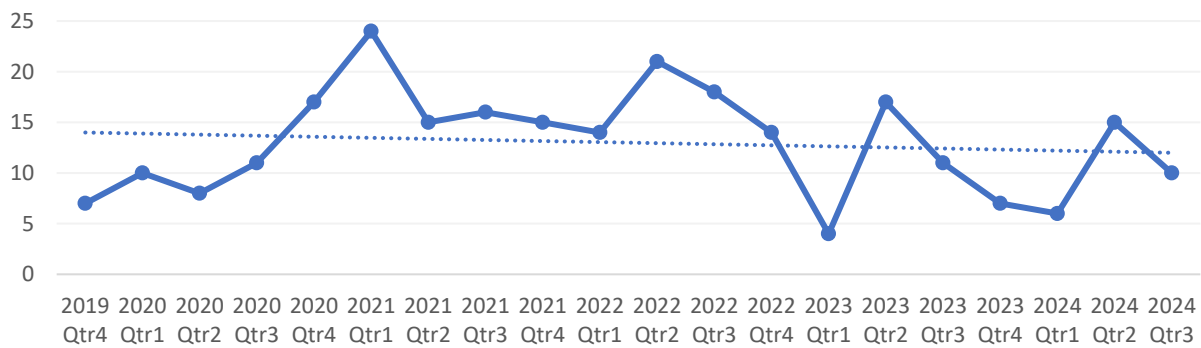
According to data provided by Attom Data Solutions (a leading provider of nationwide property data), there were 260 multifamily property sales in the city of Bethlehem from September 2019 to September 2024. Approximately 80 percent of these transactions were for relatively small (average of 2,600 square feet) multifamily duplex, triplex, or quadplex buildings with an average sale price of \$710,744 (\$268 per square foot). The city averaged 13 multifamily property sales per quarter, with the number of sales peaking in the first quarter of 2021 with a record 24 multifamily sales. Overall, the average number of annual multifamily sales has fallen slightly but remained relatively constant over the past five years.

Figure 44 Multifamily Property Sale Metrics: Bethlehem, Sept 2019-Sept 2024

Subtype	Number	Average SF	Average Lot Area	Average Sale Price	Average Price per SF
MF (2 -4 Unit)	211	2,602	5,661	\$710,744	\$268
Low Rise Apartments	32	8,407	10,647	\$2,896,575	\$767
Garden Apartments	12	14,415	81,708	\$4,545,167	\$232
High Rise Apartments	3	17,534	9,418	\$10,052,333	\$595
Townhouse Apartments	2	5,138	34,506	\$1,150,000	\$194
Total	260	4,054	10,050	\$1,267,909	\$330

Source: Attom Data Solutions, September 30, 2024

Figure 45 Number of Multifamily Property Sales: Bethlehem, Q4 2019-Q3 2024



Source: Attom Data Solutions, September 30, 2024

Housing Supply/Demand Analysis

Methodology

Based on household formation trends and housing inventory findings from the socio-economic and housing profile analysis, 4ward Planning performed a housing supply/demand analysis to determine unmet housing demand within the 20-minute PMA and the share of that unmet demand that could be supported within the Pembroke CN. Identified unmet demand is broken out by the number of for-sale and rental housing units and projected out five years through 2029.

Assumptions

The following summarizes the assumptions used to develop the residential supply/demand analysis.

- By 2029, Esri projects the number of households in the 20-minute PMA will increase by approximately 3,360 households (0.4 percent per year).
- Esri expects that the number of housing units in the PMA will increase by 3,250 over the next five years (0.4 percent per year).
- Esri data projects the housing vacancy rate in the PMA will be 4.9 percent by 2029. It is assumed the 20-minute PMA will maintain a natural average annual housing vacancy rate of four percent, allowing for housing turnover.
- It is assumed the remaining vacant housing within the PMA (0.9 percent) is vacant due to physical obsolescence or seasonal, recreational, or occasional use and that a small portion (one percent) of the remaining housing stock will become obsolete annually.
- Based on 2021 primary job worker data provided by the U.S. Census Bureau for the PMA (173,336 primary job workers in 2021) and average 2022 to 2032 industry employment growth rate projections provided by the Commonwealth of Pennsylvania for the state, the number of primary workers in the PMA is expected to increase by 2,390 from 2024 to 2029 (0.1 percent per year).
- Currently, 59 percent of primary job workers commute from outside the PMA. It is assumed that five of every 100 workers in the 20-minute PMA would trade their commute if adequate housing were available in the Pembroke CN. Approximately 44,530 workers commute more than 25 miles to work.

Near-Term Housing Demand

Net Dwelling Unit Demand

Largely due to existing pent-up demand from primary workers who commute into the 20-minute PMA, by 2029, there will be an estimated net demand for approximately 5,230 residential units in the PMA. Assuming between six and 10 percent of these units could be absorbed in the Pembroke CN, the project could easily accommodate between 314 and 523 units by 2029. In addition to the 196 replacement units from redevelopment of the BHA's Pembroke Village property, the Pembroke CN could meet demand for 118 and 327 more units.

Figure 46 Estimated Net Dwelling Unit Demand, 20-Minute PMA

	2024	2029
Housing Demand Metrics		
Estimated Households in 20-Minute PMA (0.4% growth rate)	150,491	153,854
Estimated Primary Workers in 20-Minute PMA (0.1% growth rate)	174,710	177,101
Estimated Primary Workers Residing Outside 20-Minute PMA (59%)	102,699	104,103
Estimated Pent-Up Housing Unit Demand from Commuting Area Workers (5%)	5,135	5,205
Estimated Number of Naturally Occurring Vacant Housing Units (4%)	4,758	4,856
Estimated Aggregate Housing Unit Demand in 20-Minute PMA	160,384	163,915
Housing Supply Metrics		
Estimated Housing Units in 20-Minute PMA	158,598	161,852
Physically Obsolescent Units (0.9% of total units, 1% annual obsolescence rate)	3,013	3,167
New Units Added in 20-Minute PMA (0.4% growth rate)		3,254
Estimated Net Marketable Housing Units in 20-Minute PMA	155,585	158,685
Net Housing Demand/Supply Calculation		
Estimated Aggregate Housing Unit Demand in 20-Minute PMA	160,384	163,915
Subtract Estimated Net Marketable Housing Units in 20-Minute PMA	155,585	158,685
Net Housing Unit Demand	4,799	5,230
Pembroke CN Unit Capture (6%)	288	314
Pembroke CN Unit Capture (10%)	480	523

Source: 4ward Planning, Inc.

Interviews

To “ground truth” our housing analysis findings, 4ward Planning conducted interviews with knowledgeable real estate professionals (e.g., active multifamily market-rate and affordable housing developers and residential brokers/agents) in the Bethlehem area. Market findings were shared with interviewees in order to gather general feedback, as well as perspectives on residential rental market trends in Bethlehem and how new residential development within the Pembroke CN might fare.

- Dave Albright, Director of Project Management, EGStotzfus Home Builders
- Rocco Ayvazovo, Developer, Monocacy Builders LLC
- Brad Brubaker, Director of Business Development, EGStotzfus Home Builders
- Jacob Fisher, Regional Vice President, Penrose
- Cindy Feinberg, Broker, Feinberg Real Estate Advisors, LLC
- Chris Raad, Broker, Harvey Z. Raad Realtors
- Denise Rich, Realtor, Re/Max Real Estate
- Julie Rich Weaver, Agent, Re/Max Real Estate
- Dominic Villani, Developer, Villani Properties
- Kelly Yan, Developer, Penrose

General and Limiting Conditions

4ward Planning Inc. has endeavored to ensure that the reported data and information contained in this report are complete, accurate, and relevant. All estimates, assumptions, and extrapolations are based on methodological techniques employed by 4ward Planning Inc. and believed to be reliable. 4ward Planning Inc. assumes no responsibility for inaccuracies in reporting by the client, its agents, representatives, or any other third-party data source used in the preparation of this report.

Further, 4ward Planning Inc. makes no warranty or representation concerning the manifestation of the estimated or projected values or results contained in this study. This study may not be used for purposes other than for which it is prepared or for which prior written consent has first been obtained from 4ward Planning Inc. This study is qualified in its entirety by and should be considered in light of the above limitations, conditions, and considerations.

Memorandum



To: Sara Satullo, Deputy Director of Community Development

From: Todd J. Poole, Managing Principal

Date: January 20, 2025

Re: Choice Neighborhood Development Financial Overview Estimates

BCN Development Financial Analysis Overview

Based on the earlier performed market analysis and identification of supportable non-public housing units, and to help the City of Bethlehem understand the likely total cost for the Pembroke Choice Neighborhood development, 4ward Planning, after consultation with professionals familiar with the Choice Neighborhood program, created the below build-out program, which assumes all units could be developed on site. Importantly, development would occur in stages to avoid having to relocate any existing public housing tenants from their homes (note, the analysis performed looks at all units developed and leaves development phasing to the selected project developer).

The potential build-out program shows public housing replacement units representing 49 percent of the total housing units modeled, with LIHTC and market-rate units evenly split.

Approximately 22 percent of the units modeled represent townhouses, which are all identified as BHA replacement units.

Land costs are assumed to be zero, as all units (market-rate, LIHTC, and public housing replacement) are to be developed on land owned by the Bethlehem Housing Authority (BHA).

Finally, the analysis performed represents an early first pass, based on current development estimates and market variables identified at the time of this writing. Consequently, the presented findings should not be considered final estimates, nor should they be relied upon for securing financial support. These estimates are simply to provide an order of magnitude understanding of the development and financing cost structure associated with the future development.

Potential Build-Out Housing Program for BCN Development Site

	BHA Replacement <u>Units</u> ¹	LIHTC <u>Units</u> ²	Market Rate <u>Units</u>	All <u>Units</u>
MF Rental Units				
1BR	36	48	50	134
2BR	<u>74</u>	<u>54</u>	<u>52</u>	180
<i>Total MF Units</i>	110	102	102	314
Townhouse Units				
3BR	63	0	0	63
4BR	<u>23</u>	<u>0</u>	0	23
<i>Tota TH Units</i>	86	0	0	86
Total Housing Units	196	102	102	400

Notes

HUD's Choice Neighborhood funding program requires all existing public housing units subject to be replaced on a one-to-one basis and of similar housing type. For example, if 10 townhouse-style public housing units are to be removed, 10 townhouse units with similar bedroom counts must be developed back on the site.

The low-income housing tax credit (LIHTC) units are assumed to be affordable to households earning at up to 60 percent of the area median household income (AMI) for the metro area.

The below tables break out the prospective rental amounts by unit type and income qualifications separate from market-rate rents. The rents assumed for each of the housing units are based on bedroom count and, where replacement public housing and LIHTC units are concerned, associated with qualified household incomes as prescribed by the U.S. Department of Housing and Urban Development (HUD).

Townhouse BHA Replacements	<u>Units</u>	<u>S.F.</u>	<u>Monthly Rent Rate</u>	<u>Rent Rate per S.F.</u>
3BR	63	1,400	\$1,924	\$1.37
4BR	23	1,550	\$2,005	\$1.29
Total	86	123,850		
Weighted Avg.		1,440	\$1,946	\$1.35

Multi-Family BHA Replacements	<u>Units</u>	<u>S.F.</u>	<u>Monthly Rent Rate</u>	<u>Rent Rate per S.F.</u>
1BR	36	648	\$1,213	\$1.87
2BR	74	860	\$1,507	\$1.75
Total	110	86,968		
Weighted Avg.		791	\$1,411	\$1.79

Multi-Family LIHTC (@60% AMI)	<u>Units</u>	<u>S.F.</u>	<u>Monthly Rent Rate</u>	<u>Rent Rate per S.F.</u>
1BR	48	648	\$1,327	\$2.05
2BR	54	860	\$1,536	\$1.79
Total	102	77,544		
Weighted Avg.		760	\$1,438	\$1.91

Multi-Family Market	<u>Units</u>	<u>S.F.</u>	<u>Monthly Rent Rate</u>	<u>Rent Rate per S.F.</u>
1BR	50	648	\$1,600	\$2.47
2BR	52	860	\$1,850	\$2.15
Total	102	77,120		
Weighted Avg.		756	\$1,727	\$2.31

Note: The monthly rental rates shown for the public housing replacement units do not represent what a household occupying these units would pay. Project-based Section 8 housing requires tenants to pay no more than 30 percent of their household incomes towards rent, requiring the Section 8 program to cover the balance of rent paid to the landlord.

Exhibited below is the pro forma development assumptions for the townhouse units to be developed on the BHA project site, along with assumption notes.

	<u>Per Unit</u>	<u>Per S.F.</u>	<u>Total</u>
Land Cost	\$0	\$0	\$0
Hard Cost	\$230,756	\$225	\$19,845,000
Soft Cost	\$46,151	\$45	\$3,969,000
Infrastructure			\$0
Developer Fee (@7%)			\$1,389,150
TDC	\$276,907	\$270	\$23,814,000
	<u>Ratios</u>		<u>Debt Max</u>
LTV Loan	70%		\$14,336,261
DSC Loan	1.2		\$19,726,531
Senior Debt	\$10,336,261		
Subordinated Debt	\$4,000,000		
Dev. Equity	\$9,477,739		
	<u>Percent</u>		
Dev. Equity	40%		
Private Debt	43%		
Loan Rate	5.0%		
Soft Loan Rate	0.0%		
Loan Term	35		
Amt. Rate	35		
Tax Credit Equity	\$0		

Assumption Notes

Land Cost: No land costs are assumed, given that redevelopment is to occur entirely on BHA land.

Hard Cost: Hard costs represent an average projected cost per square foot for a townhouse with modest finishes.

Soft Cost: Soft costs are estimated at 20 percent of hard costs and include A&E, insurance, accounting, and consultants.

Infrastructure: No significant infrastructure improvement costs are assumed for this redevelopment project.

Developer Fee: This is an estimate and is within a typical developer fee range for a project of this scale and type.

LTV Loan: Assumes a maximum loan-to-value limit of 70 percent for underwriting purposes.

DSC Loan: Assumes a minimum debt service coverage ratio of 1.20 for underwriting purposes.

Senior Debt: A loan having a first position on assets in the event of payment default.

Subordinated Debt: A loan which is in second position to the senior debt, for repayment purposes.

Equity: Equity can be a combination of developer's equity investment and/or third-party funder equity.

Loan Rate: Senior debt estimated annual rate of interest charged.

Soft Loan Rate: A below-market interest rate which can be zero, at the lender's discretion.

Loan Term: The number of years from the loan closing until the loan is paid off or comes due as a balloon payment.

Amt. Rate: This rate determines how the loan is amortized and how much principal is repaid monthly and annually.

Tax Credit Equity: This part of the development assumes no LIHTC's being issued and, therefore, no tax credit equity.

Exhibited below are the pro forma development assumptions for the **apartment units** to be developed on the BHA project site, along with assumption notes:

	<u>Per Unit</u>	<u>Per S.F.</u>	<u>Total</u>
Land Cost	\$0	\$0	\$0
Hard Cost	\$250,329	\$270	\$78,603,181
Soft Cost	\$62,582	\$68	\$19,650,795
Infrastructure			\$0
Developer Fee (@7%)			\$5,502,223
TDC	\$312,911	\$338	\$103,756,199
	<u>Ratios</u>		<u>Debt Max</u>
LTV Loan	70%		\$48,810,004
DSC Loan	1.2		\$57,567,433
Senior Debt	\$48,810,004		
Subordinated Debt	\$15,179,097		
Deffered Developer Fee	\$5,502,223		
Tax Credit Equity	\$32,464,777		
Total Fiancing	\$101,956,100		
	<u>Percent</u>		
Total Equity Pct.	37%		
Total Debt Pct.	63%		
Senior Debt Rate	5.0%		
Subordinated Debt Rate	0.0%		
Loan Term	35		
Amt. Rate	35		

Assumption Notes

Land Cost: No land costs are assumed, given that redevelopment is to occur entirely on BHA land.

Hard Cost: Hard costs represent an average projected cost per square foot for a townhouse with modest finishes.

Soft Cost: Soft costs are estimated at 20 percent of hard costs and include A&E, insurance, accounting, and consultants.

Infrastructure: No significant infrastructure improvement costs are assumed for this redevelopment project.

Developer Fee: This is an estimate and is within a typical developer fee range for a project of this scale and type.

LTV Loan: Assumes a maximum loan-to-value limit of 70 percent for underwriting purposes.

DSC Loan: Assumes a minimum debt service coverage ratio of 1.20 for underwriting purposes.

Senior Debt: A loan having a first position on assets in the event of payment default.

Subordinated Debt: A loan which is in second position to the senior debt, for repayment purposes.

Equity: Equity can be a combination of developer's equity investment and/or third-party funder equity.

Loan Rate: Senior debt estimated annual rate of interest charged.

Soft Loan Rate: A below-market interest rate which can be zero, at the lender's discretion.

Loan Term: The number of years from the loan closing until the loan is paid off or comes due as a balloon payment.

Amt. Rate: This rate determines how the loan is amortized and how much principal is repaid monthly and annually.

Tax Credit Equity: This part of the development assumes a 9-percent LIHTC syndication, and \$32.5 million in equity. The LIHTC equity assumptions and calculations are presented on the following page.

The below table exhibits the inputs for determining the projected tax credit equity the Pembroke Choice Neighborhood project could secure, based on the number of projected low-income units (at 60 percent of AMI) and the cost of construction. Given there are many unknowns regarding the final number of eligible units, cost of construction, and discount rate sought by tax credit investors, the below projected LIHTC equity raised is a projection and should not be considered a guaranteed figure.

Low-Income Housing Tax Credit Funding Analysis

LIHTC Eligible Basis	\$98,253,976
Applicable Fraction	32.09%
Qualified Basis	\$31,531,446
Applicable Percentage (AFR)	9%
Annual Credit Before Boost	\$2,837,830
Basis Boost @1.30	\$851,349
Annual Tax Credit w/Basis Boost	\$3,689,179
Total Ten Year Tax Credit	\$36,891,792
Price per Credit Dollar	\$0.88
LIHTC Equity Raised	\$32,464,777

Source: 4ward Planning Inc, 2025

COMMUNITY SNAPSHOT

INSTANTÁNEA DE LA
COMUNIDAD



TABLE OF CONTENTS

TABLA DE CONTENIDO

1. Neighborhood | Vecindario

Pembroke Neighborhood	4
Development History	5
Planning Area	6
Neighborhood Assets	8
Open Spaces	9
Education	11
Government Services	13
Religious Organizations	15
Community Amenities	17
Manufacturing Services	19
Health-Related Services	21
Neighborhood Form & Character	
Zoning	23
Floodplains	25
Transportation	
Transit Network	26

2. Housing | Vivienda

BHA Housing Site	28
Access & Circulation	29
Pedestrian Pathways	30
Public Transportation	31
Parking	32
Building Types	33
Open Space	34
Pembroke Village	
Demographics	35
Economy	36

3. People | Personas

Census Tracts	38
Demographics	39
Education	40
Health	41
Economy	42
Other	44

NEIGHBORHOOD

VECINDARIO

PEMBROKE NEIGHBORHOOD

DEVELOPMENT HISTORY

PLANNING AREA

NEIGHBORHOOD ASSETS

- OPEN SPACES
- EDUCATION
- GOVERNMENT SERVICES
- RELIGIOUS ORGANIZATIONS
- COMMUNITY AMENITIES
- MANUFACTURING SERVICES
- HEALTH-RELATED SERVICES

NEIGHBORHOOD FORM & CHARACTER

- ZONING
- FLOODPLAINS

TRANSPORTATION

- TRANSIT NETWORK

VECINDARIO DE PEMBROKE

HISTORIA DEL DESARROLLO

ÁREA DE PLANIFICACIÓN

ACTIVOS DEL VECINDARIO

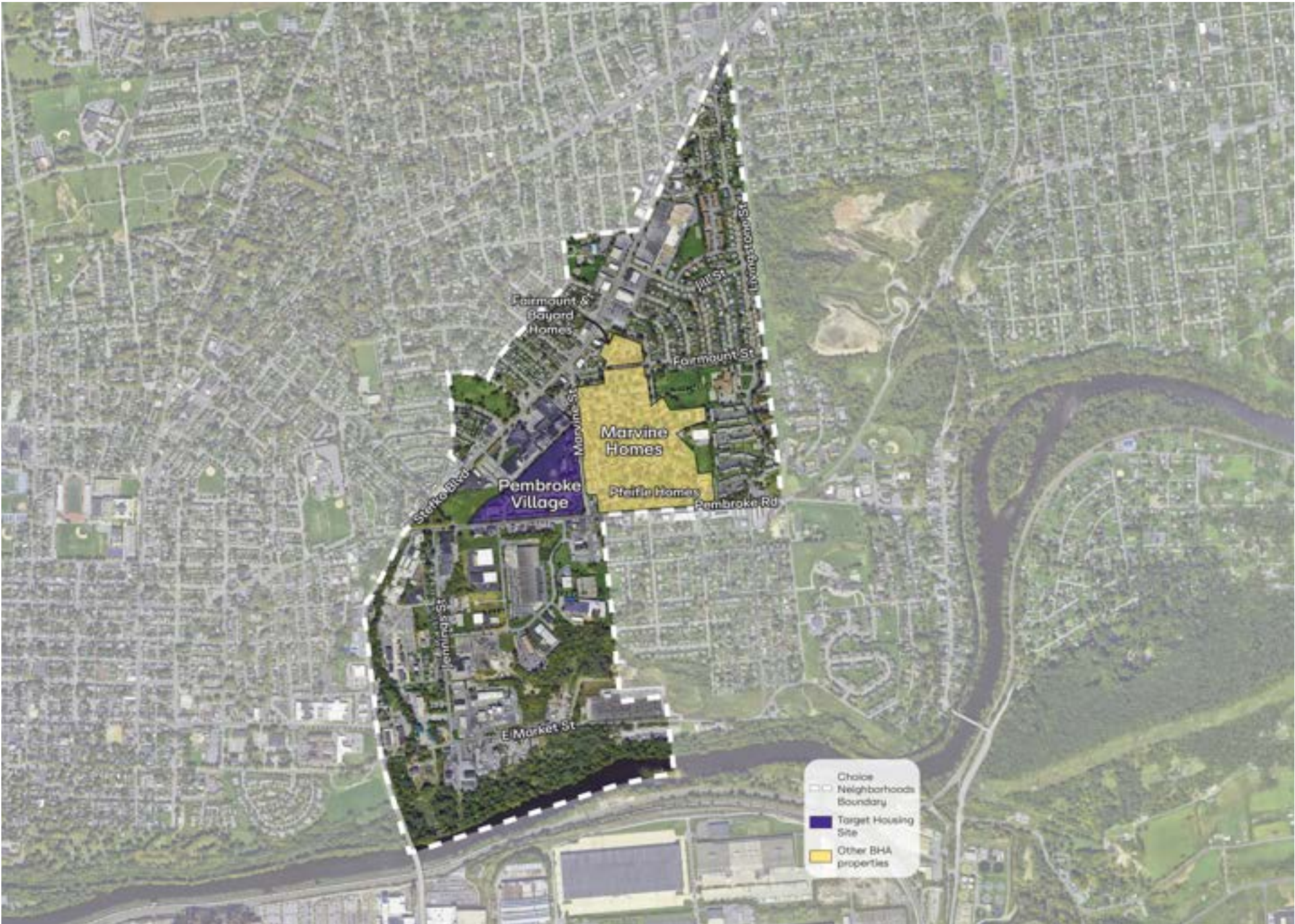
- ESPACIOS ABIERTOS
- EDUCACIÓN
- SERVICIOS GUBERNAMENTALES
- ORGANIZACIONES RELIGIOSAS
- SERVICIOS COMUNITARIOS
- SERVICIOS DE FABRICACIÓN
- SERVICIOS RELACIONADOS CON LA SALUD

FORMA Y CARÁCTER DEL VECINDARIO

- ZONIFICACIÓN
- LLANURAS DE INUNDACIÓN

TRANSPORTE

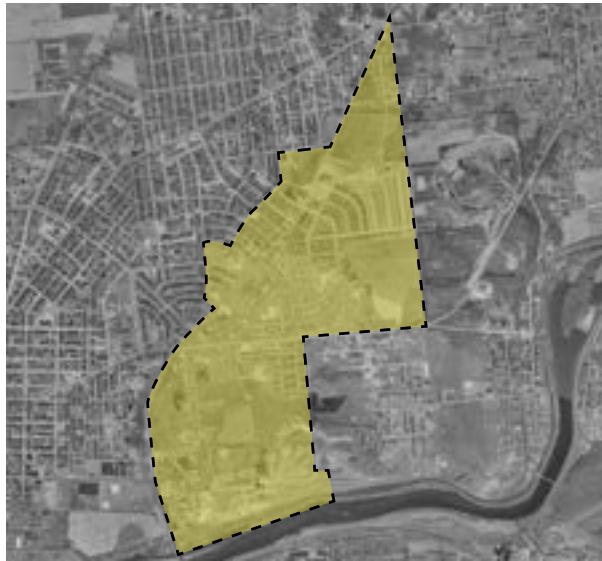
- RED DE TRÁNSITO



DEVELOPMENT HISTORY

HISTORIA DEL DESARROLLO

Development in the neighborhood spread outwards from the BHA properties. North of Fairmount Street, housing, including single family homes, duplexes and apartments, were developed along with commercial along Stefko Boulevard. The development of Marvine School and Townhomes were created east of the BHA properties in the 70s. South of Pembroke Road, industrial development began slowly and the majority of the property was occupied by the early 2000s, along with the development of Freemansburg.



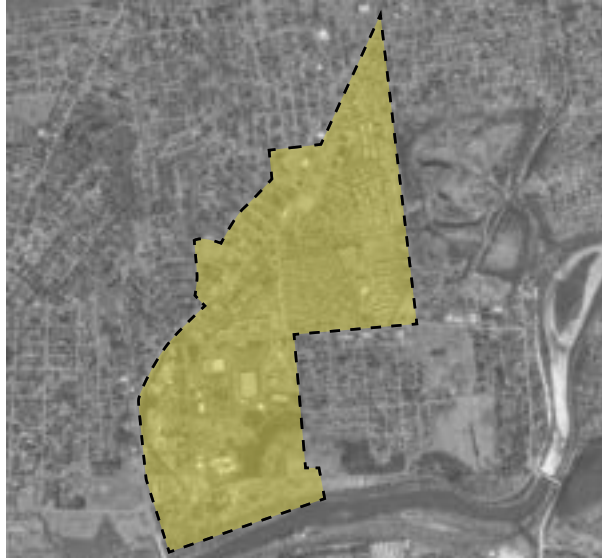
1955



1962



1972



1993



2022

PLANNING AREA






ÁREA DE PLANIFICACIÓN

The Pembroke Choice Neighborhood planning area is 0.7 square miles in size, and is defined by the following geographic boundaries:

- North: Stefko Boulevard
- East: Borough of Freemansburg
- South: Lehigh River and Pembroke Road
- West: Englewood Street and Stefko Boulevard

The planning area has an estimated population of 4,217 residents. It is home to Pembroke Village, the target housing sites for this plan.

LEGEND | LEYENDA

-  Choice Neighborhood Boundary
-  Neighboring BHA Properties
-  Pembroke Village - Target Housing Site
-  Park
-  School





NORTHERN BOUNDARY

This edge follows Stefko Boulevard. Stefko Boulevard is a high-traffic road with commercial activity. The intersection of Stefko Boulevard and Eastern Avenue is the northernmost point of the Choice Neighborhood.



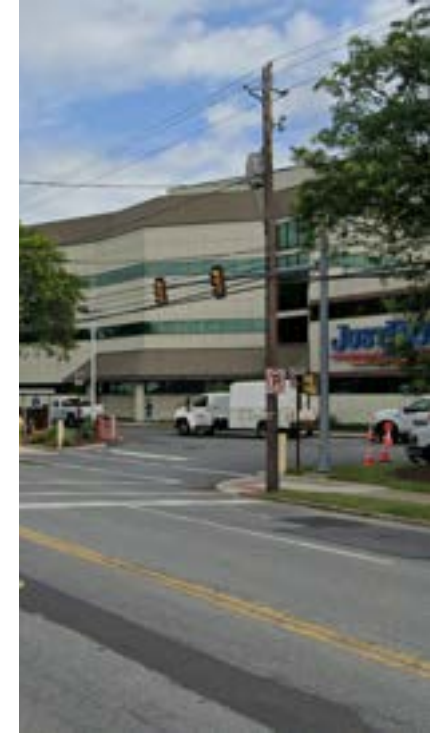
EASTERN BOUNDARY

This edge follows the Borough of Freemansburg. The eastern edge has quiet residential streets.



SOUTHERN BOUNDARY

This edge follows the Lehigh River and Pembroke Road. The southern edge of the planning area includes a portion of the D&L Trail. The D&L Trail is over 140-miles and runs from the hills just outside of Wilkes-Barre, Luzerne County to the canal town of Bristol, Bucks County. The trail follows old rail beds and canal towpaths on alternating sides of the Lehigh and Delaware Rivers.



WESTERN BOUNDARY

This edge follows Stefko Boulevard and Englewood Street. This portion of Stefko Boulevard is a high traffic arterial with significant commercial and industrial activity. Englewood Street is quiet and residential.

NEIGHBORHOOD ASSETS









ACTIVOS DEL VECINDARIO

The neighborhood includes schools, numerous religious organizations and other community-oriented service providers.

The Pembroke neighborhood features a mixture of residential, commercial and light manufacturing uses, including the Just Born Quality Confections world headquarters. The neighborhood includes a portion of the D & L Trail along the Lehigh River.

Other community institutions and amenities are scattered throughout the neighborhood.

LEGEND | LEYENDA

-  Choice Neighborhood Boundary
-  Neighboring BHA Properties
-  Pembroke Village - Target Housing Site
-  School
-  Religious Organization
-  Government Service
-  Health-Related Service
-  Community Amenity
-  Open Space
-  Manufacturing Services

















OPEN SPACES

ESPACIOS ABIERTOS

The neighborhood has a few open spaces, including the following:

- Pembroke Park includes a basketball court and playground, located in the development.
- Stefko Basketball Court located next to Bayard Park, a large open space.
- D&L Trail, a 141-mile recreational trail that connects Wilkes-Barre to the Philadelphia region.

LEGEND | LEYENDA

-  Choice Neighborhood Boundary
-  Neighboring BHA Properties
-  Pembroke Village - Target Housing Site
-  Open Space
-  1 Bayard Park
-  2 Stefko Basketball Court
-  3 Rockland Park
-  4 P.B.C. Basketball Court
-  5 Pembroke Park
-  6 Nick Dutko Monument Park
-  7 D&L Trail - Lehigh Canal
-  8 Bryan Street Park
-  9 Glasser Field
-  10 Freemansburg Municipal Park





1. Bayard Park



2. Stefko Basketball Court



3. Rockland Park



4. Pembroke Park



5. Nick Dutko Monument Park



6. D&L Trail - Lehigh Canal

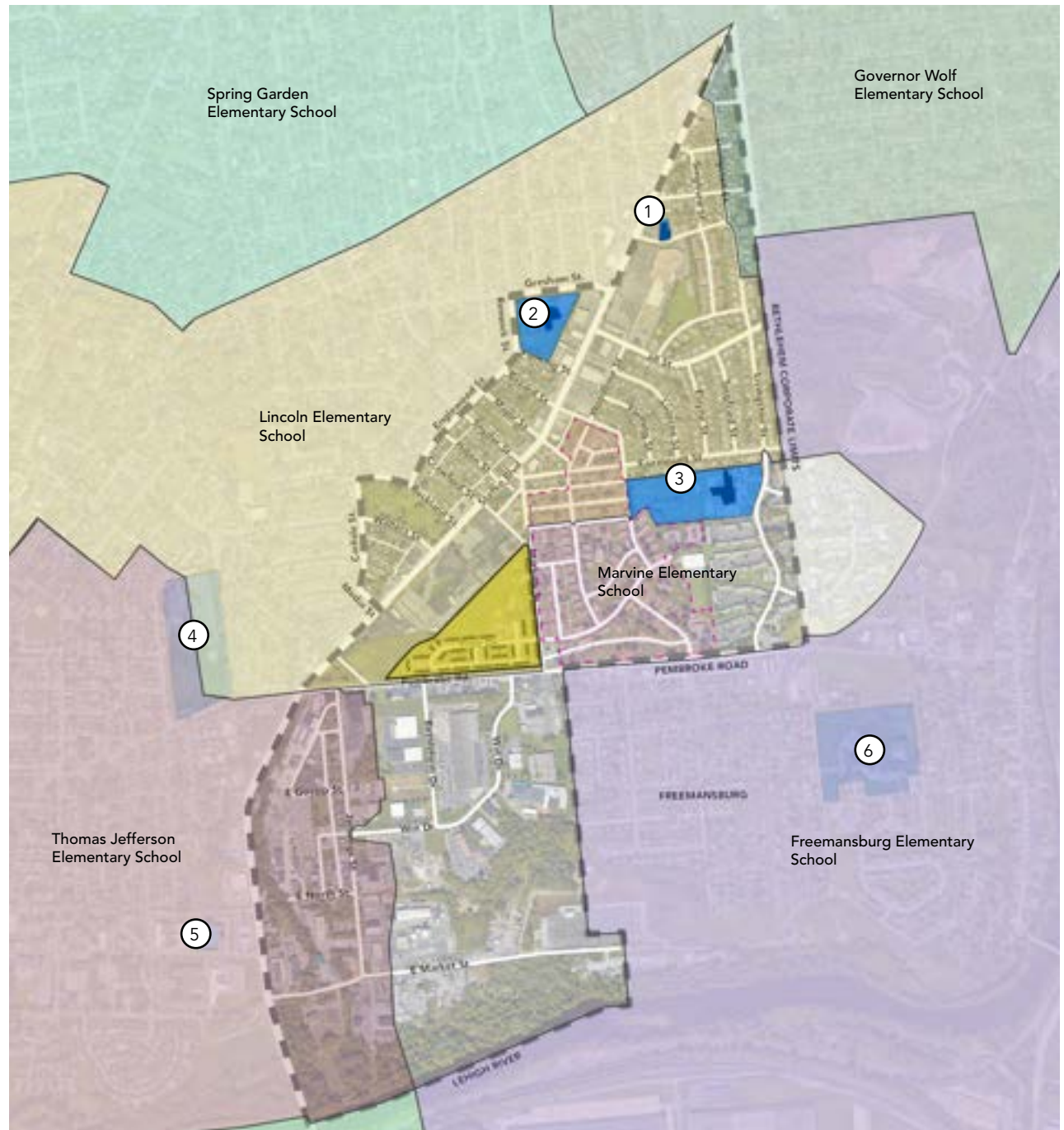
EDUCATION

EDUCACIÓN

The Pembroke Neighborhood includes one public elementary school and a barber school. There are four schools located just outside the neighborhood boundary. The Bethlehem Area School District divides the neighborhood with school boundaries, which designates students to a particular school. The map shows the elementary schools and boundaries, four schools within the Choice boundary. Students from Pembroke Village attend Lincoln Elementary, which is west of Stefko Boulevard. The entire target neighborhood is assigned to Northeast Middle School and Liberty High School (excluding a small area east of Livingston St.).

LEGEND | LEYENDA

- Choice Neighborhood Boundary
- Neighboring BHA Properties
- Pembroke Village - Target Housing Site
- School
- ① Lehigh Valley Barber School
- ② Lincoln Elementary School
- ③ Marvine Elementary School
- ④ Northeast Middle School
- ⑤ Lehigh Valley Dual Language Charter School
- ⑥ Freemansburg Elementary School





1. Lehigh Valley Barber School



2. Lincoln Elementary School











2. Marvine Elementary School

GOVERNMENT SERVICES

SERVICIOS GUBERNAMENTALES

The Pembroke Neighborhood includes several local, state, and federal government services. Some of these services include the Bethlehem Housing Authority Office, a police department substation located on Pembroke Village property, and the water meter repairs office.

LEGEND | LEYENDA

-  Choice Neighborhood Boundary
-  Neighboring BHA Properties
-  Pembroke Village - Target Housing Site
-  Government Service
-  Bethlehem Housing Authority: Northeast Office
-  Bethlehem Police Department Northeast Sub Station
-  Northampton County Magisterial District Judge
-  City of Bethlehem Municipal Services Center





1. Bethlehem Housing Authority: Northeast Office



2. Bethlehem Police Department Northeast Sub Station



3. Northampton County Magisterial District Judge







4. City of Bethlehem Municipal Services Center

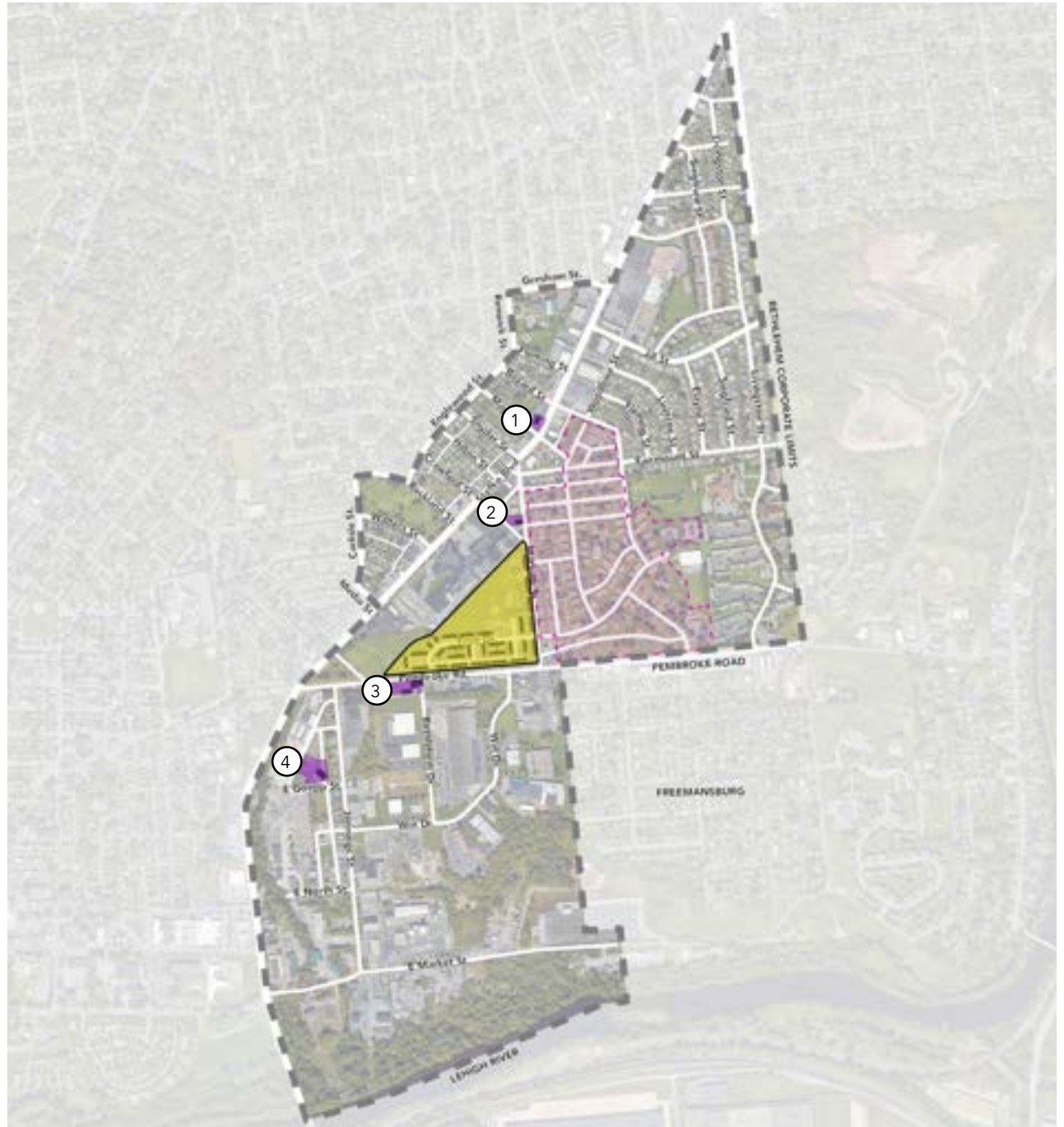
RELIGIOUS ORGANIZATIONS

ORGANIZACIONES RELIGIOSAS

The Pembroke Neighborhood is home to three religious organizations that represent different denominations. Some of the churches also offer space for non-profits and food distribution services.

LEGEND | LEYENDA

-  Choice Neighborhood Boundary
-  Neighboring BHA Properties
-  Pembroke Village - Target Housing Site
-  Religious Organizations
- ① Bethlehem Masonic Center
- ② East Gate
- ③ Iglesia Pentecostal de Bethlehem CLA
- ④ St. Paul Baptist Church





1. East Gate



2. Iglesia Pentecostal de Bethlehem CLA



3. St. Paul Baptist Church



1. Kids Club Child Care Center



2. Valley Farm Market



6. Boys and Girls Club of Bethlehem



8. Northeast Community Center



9. Figueroa's Market












10. Hogar Crea Women's Center

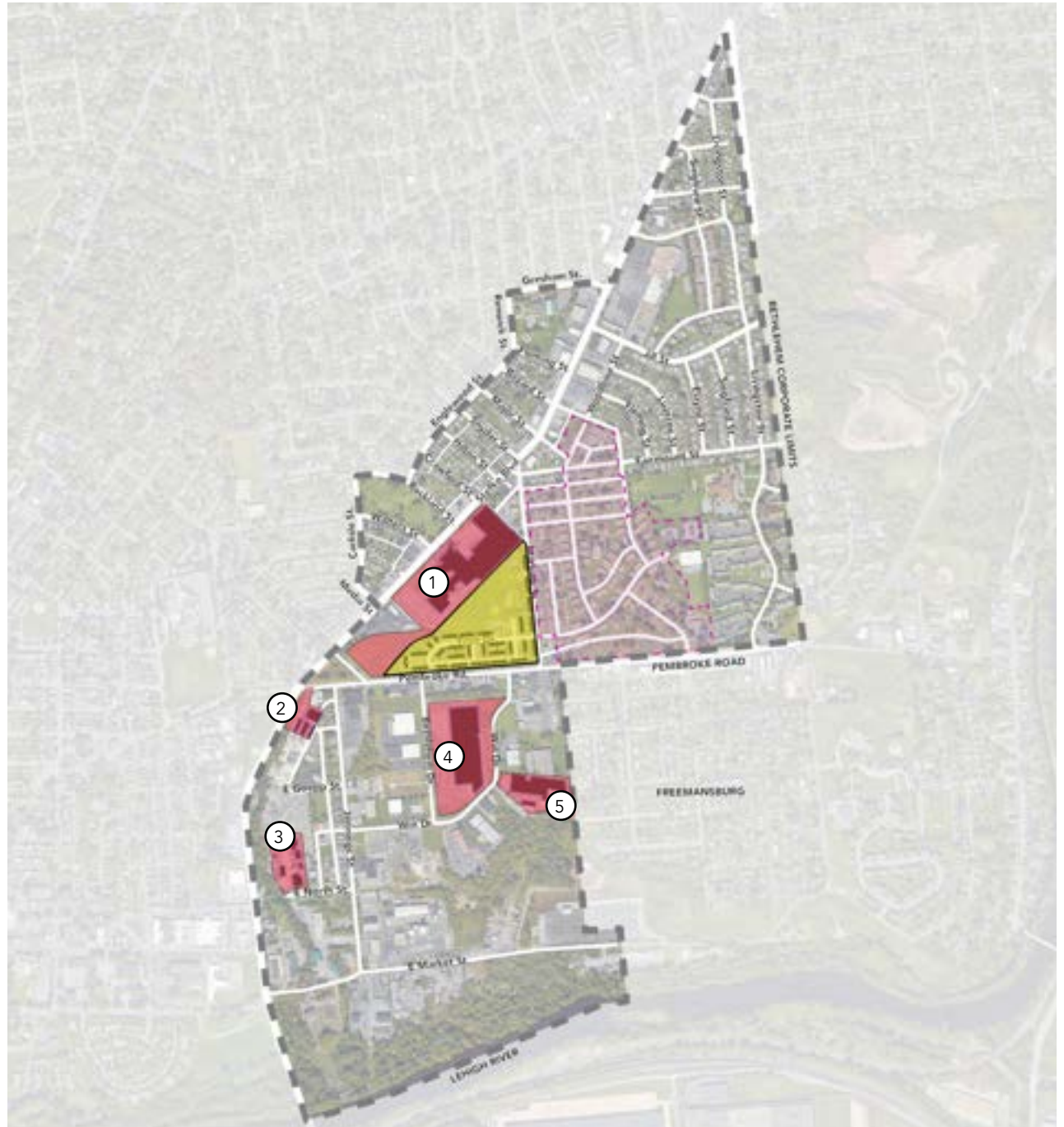
MANUFACTURING SERVICES

SERVICIOS DE FABRICACIÓN

Bethlehem has a rich colonial and industrial history. Since the 1850s, industries have been coming to Bethlehem, including the forerunner of the Bethlehem Steel Corporation, located directly across the Lehigh River from the Pembroke neighborhood. The City's economic growth and prosperity opens the door for potential future job training / hiring partners, including the manufacturing industries located in the CN.

LEGEND | LEYENDA

-  Choice Neighborhood Boundary
-  Neighboring BHA Properties
-  Pembroke Village - Target Housing Site
-  Manufacturing Services
-  ① Just Born Quality Confections
-  ② Brother's Granite & Marble
-  ③ Bethlehem Precast
-  ④ Phoenix Tube
-  ⑤ National Magnetics Group





1. Just Born Quality Confections



2. Brother's Granite & Marble



3. Bethlehem Precast



4. Phoenix Tube









5. National Magnetics Group

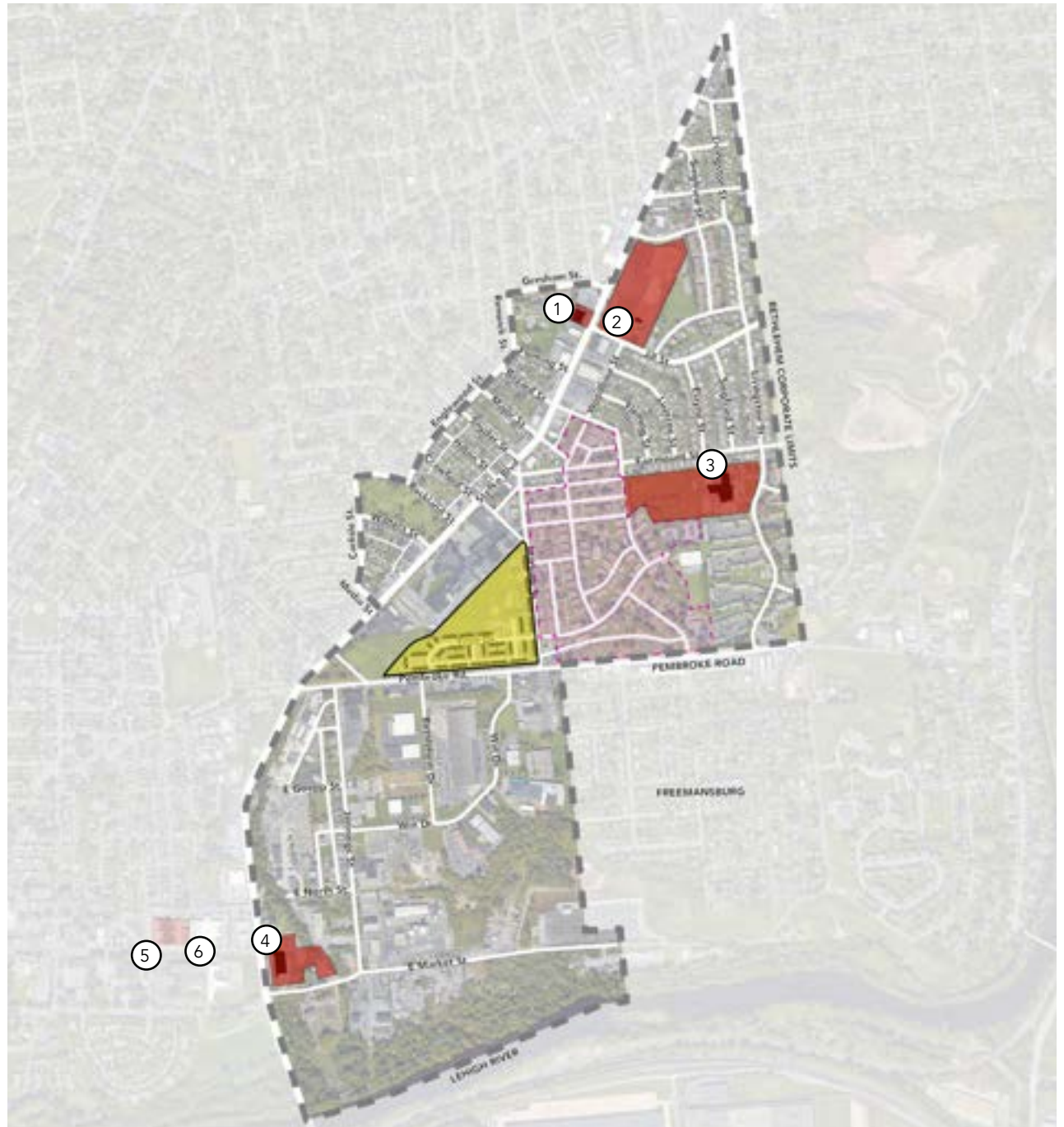
HEALTH-RELATED SERVICES

SERVICIOS RELACIONADOS CON LA SALUD

The neighborhood includes an emergency medical center off of Stefko Boulevard. There are no other health clinics in the area. A small pharmacy is located within the neighborhood, with a few more located just outside of the boundary.

LEGEND | LEYENDA

-  Choice Neighborhood Boundary
-  Neighboring BHA Properties
-  Pembroke Village - Target Housing Site
-  Health-Related Service
-  ① Rite-Aid Pharmacy
-  ② Stefko Pharmacy
-  ③ St. Luke's Mobile Clinic at Marvine Elementary
-  ④ City of Bethlehem Emergency Medical Services
-  ⑤ Lehigh Valley Assertive Community Treatment
-  ⑥ Neighborhood Health Center





1. Rite Aid Pharmacy



2. Stefko Pharmacy



3. St. Luke's Mobile Clinic at Marvine Elementary








4. City of Bethlehem Emergency Medical Services

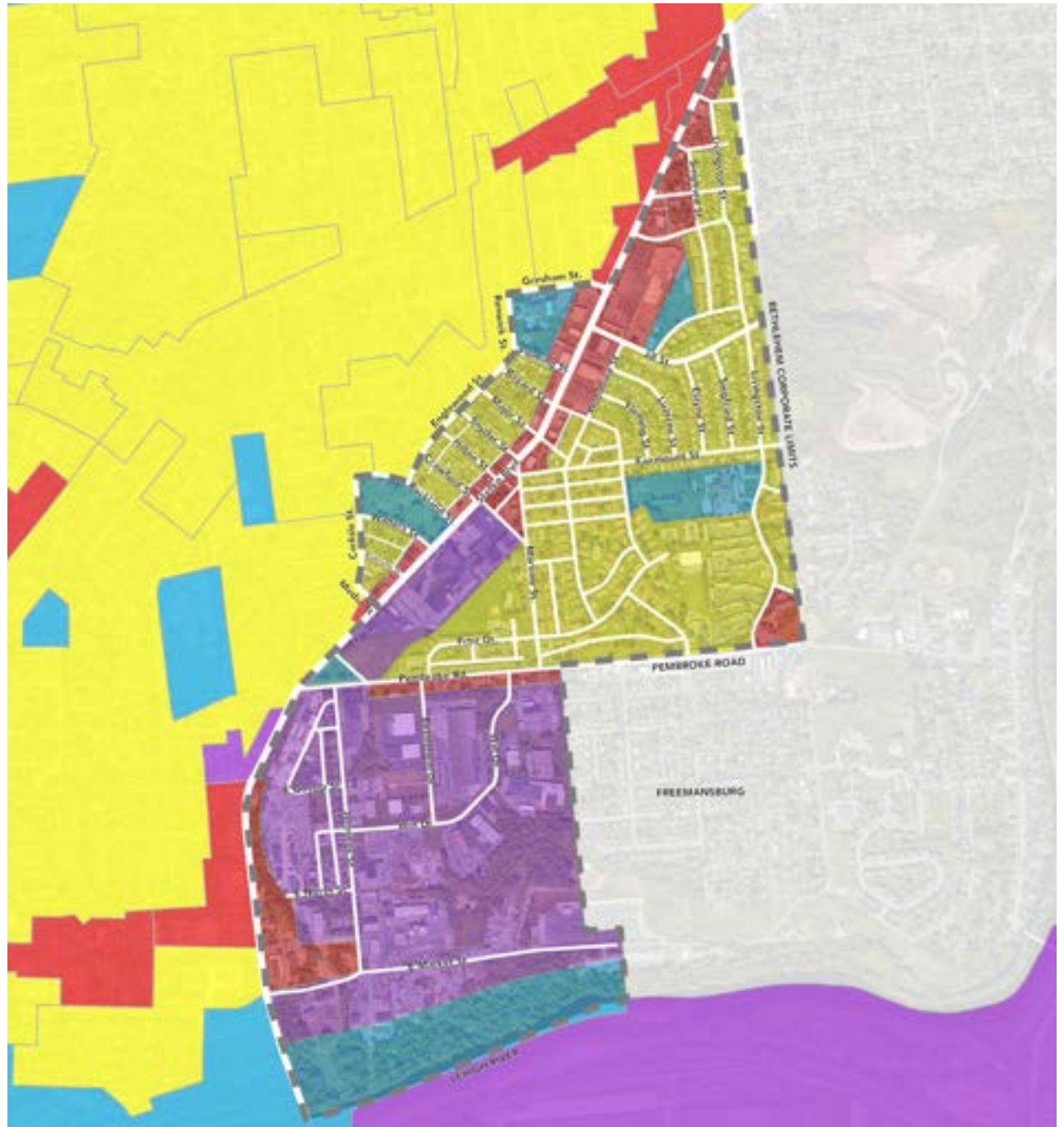
ZONING

ZONIFICACIÓN

The Pembroke Neighborhood has a variety of uses including residential, commercial, industrial, and institutional. Most commercial properties are located along Stefko Boulevard and a few along Pembroke Road, just below the target housing site. Industrial use is concentrated on the southern portion of the neighborhood and residential is on the northern side, including four BHA properties. Institutional is scattered throughout the neighborhood.

LEGEND | LEYENDA

-  Choice Neighborhood Boundary
-  Commercial General (CG)
-  Industrial (IND)
-  Institutional (INS)
-  Residential Med-Density (RM)





Zoning Classification: Commercial General (CG)



Zoning Classification: Industrial (IND)



Zoning Classification: Institutional (INS)






Zoning Classification: Residential Med-Density (RM)

FLOODPLAINS

LLANURAS DE INUNDACIÓN

The map to the right delineates the areas of the neighborhood that are within the floodplain, running along the Lehigh River.

LEGEND | LEYENDA

-  Choice Neighborhood Boundary
-  100 Year Floodplain
-  500 Year Floodplain









TRANSIT NETWORK

RED DE TRÁNSITO

Lehigh and Northampton Transportation Authority (LANTA) operates a public transportation system for use in the Lehigh and Northampton counties' metropolitan area. LANTA operates a bus system comprised of 23 fixed bus routes and 10 special routes throughout the Lehigh Valley, providing daily, late evening, and weekend services. Five routes run through the Pembroke Neighborhood.

LEGEND | LEYENDA

-  Choice Neighborhood Boundary
-  Blue Line
-  102 - Union Blvd Local
-  108 - Fountain Hill - East Hills
-  312 - Bethlehem - NCC - Nazareth
-  605 - Bethlehem Circulator



HOUSING

VIVIENDA

BHA HOUSING SITE

ACCESS & CIRCULATION

PEDESTRIAN PATHWAYS

PUBLIC TRANSPORTATION

PARKING

BUILDING TYPES

OPEN SPACE

PEMBROKE VILLAGE

DEMOGRAPHICS

ECONOMY

SITIO DE VIVIENDA BHA

ACCESO Y CIRCULACIÓN

VÍAS PEATONALES

TRANSPORTE PÚBLICO

ESTACIONAMIENTO

TIPOS DE EDIFICIOS

ESPACIOS ABIERTOS

PEMBROKE VILLAGE

DEMOGRAFÍA

ECONOMÍA

BHA HOUSING SITE

SITIO DE VIVIENDA BHA

The target housing site for the Pembroke Choice Neighborhood Plan is Pembroke Village. Pembroke Village, constructed in 1941, includes 196 units and is home to 456 individuals.

LEGEND | LEYENDA

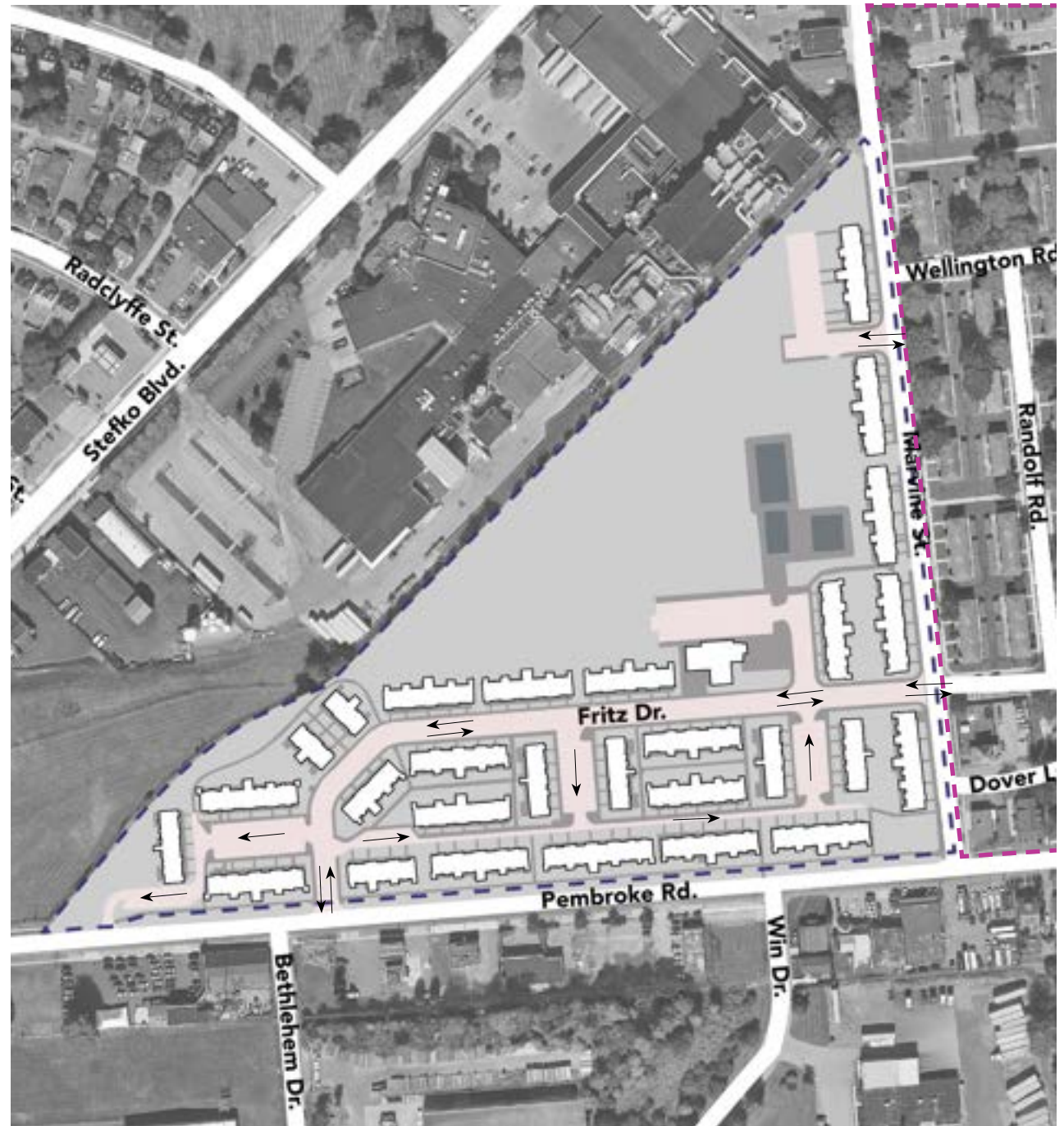
- Pembroke Village
- Neighboring BHA Properties



ACCESS & CIRCULATION

ACCESO Y CIRCULACIÓN

Pembroke Village can be accessed from Pembroke Road and Marvine Street. Fritz Drive and Dover Lane give access through the middle of the property. Each unit has its own entrance off the main sidewalks on the property. The Community Center building is located in the middle of the property.



LEGEND | LEYENDA




- Pembroke Village
- Neighboring BHA Properties
- Vehicle Access Point
- Sidewalk
- Street

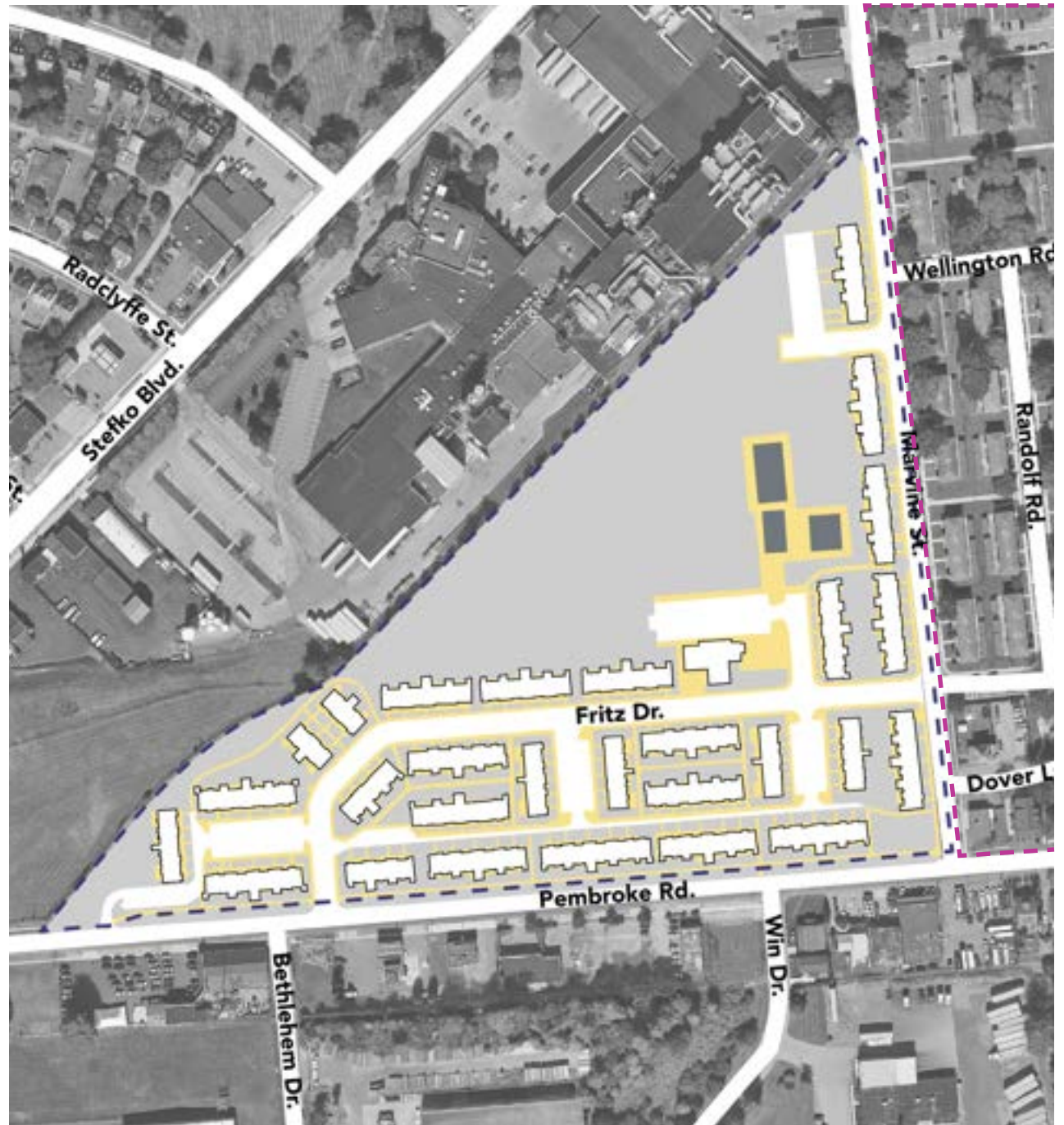
PEDESTRIAN PATHWAYS

VÍAS PEATONALES

Sidewalks connect parking lots, open spaces, entries, and transit stops at Pembroke Village.

LEGEND | LEYENDA

-  Pembroke Village Property Line
-  Neighboring BHA Properties
-  Sidewalk



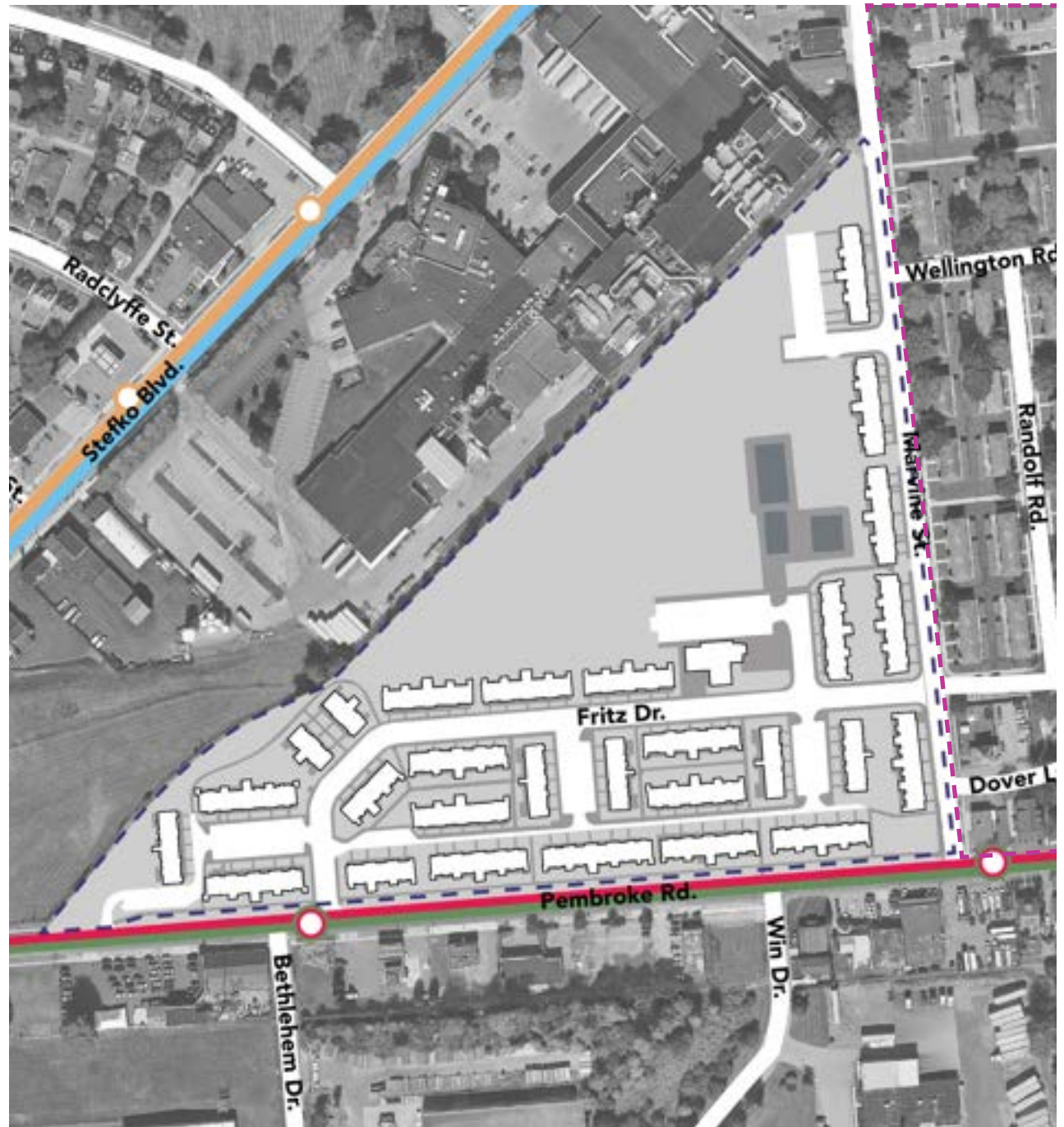
PUBLIC TRANSPORTATION

TRANSPORTE PÚBLICO

Pembroke Village is connected to the LANTA network by two routes that run at the end of the site. Routes 312 and 605 run on Pembroke Road, with one bus stop located on Fritz Drive.

LEGEND | LEYENDA

- Pembroke Village
- Neighboring BHA Properties
- Blue Line
- 108 - Fountain Hill - East Hills
- 312 - Bethlehem - NCC - Nazareth
- 605 - Bethlehem Circulator



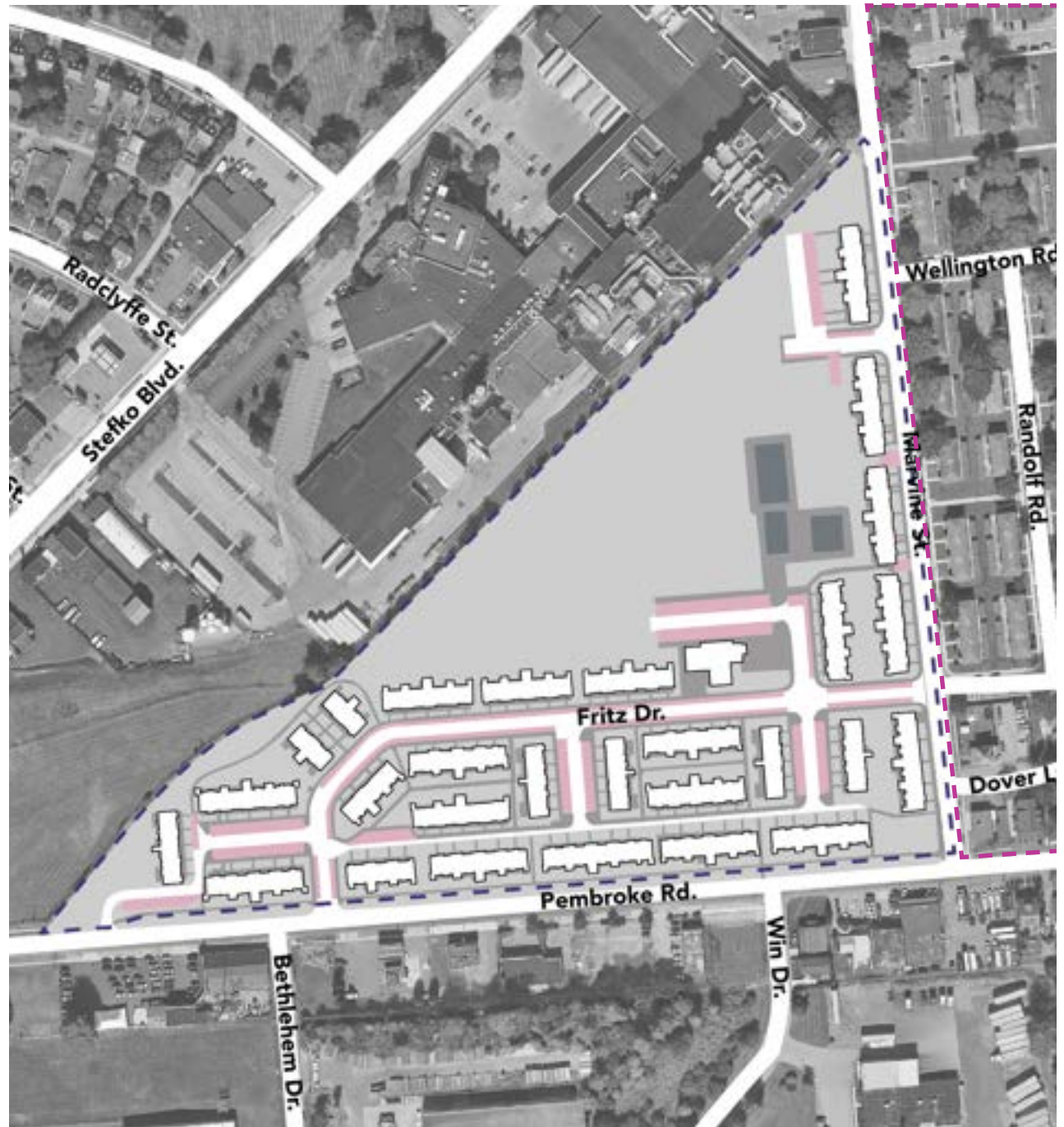
PARKING

ESTACIONAMIENTO

Pembroke Village has 5 parking lots throughout the site, including: Hewitt Court, Flower Drive, Merriman Court, Mansfield Court, and Essex Court. Off-street parking is located along Fritz Drive. There are approximately 250 parking spaces available within Pembroke Village.

LEGEND | LEYENDA

- Pembroke Village
- Neighboring BHA Properties
- Parking Space
- Sidewalk



BUILDING TYPES

TIPOS DE EDIFICIOS

Pembroke Village includes two story townhomes constructed in 1941. The apartments include 1-bedroom to 4-bedroom units, 2-bedroom being the majority. The Community Center, located in the center, is one story.

LEGEND | LEYENDA

- Pembroke Village
- Neighboring BHA Properties
- Constructed in 1941
- Community Facilities
- Sidewalk



OPEN SPACE

ESPACIOS ABIERTOS

Pembroke Village includes a large open space at the back of the property. A basketball court sits behind the Community Center, along with two playgrounds and a baseball field.

LEGEND | LEYENDA

- Pembroke Village
- Neighboring BHA Properties
- BHA Open Space
- Playgrounds
- Sidewalk



PEMBROKE VILLAGE: DEMOGRAPHICS

PEMBROKE VILLAGE: DEMOGRAFÍA

TOTAL NUMBER OF HOUSEHOLD MEMBERS NÚMERO TOTAL DE MIEMBROS DEL HOGAR

464

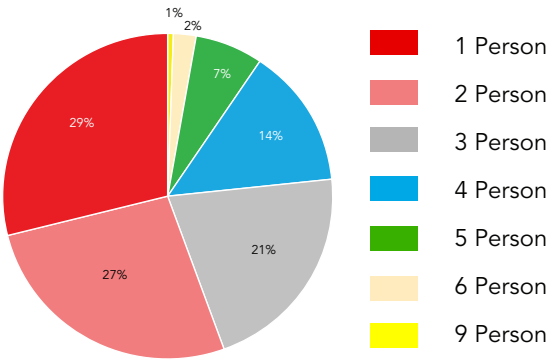
TOTAL NUMBER OF HOUSEHOLDS NÚMERO TOTAL DE HOGARES

180

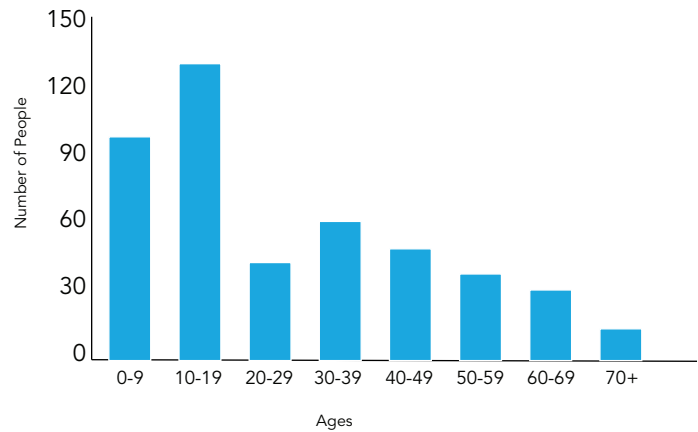
RACE / ETHNICITY RAZA / ETNICIDAD

11% African American
6% Caucasian
1% Asian/Other
82% Hispanic/Latino

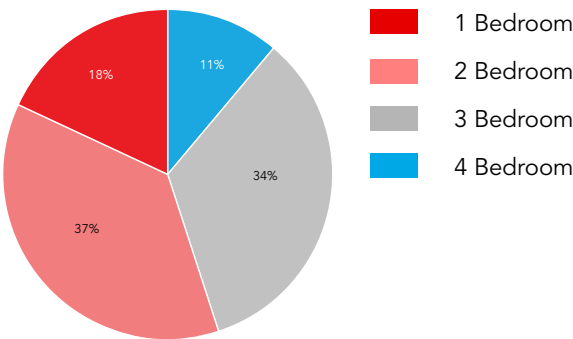
DISTRIBUTION OF HOUSEHOLD SIZE DISTRIBUCIÓN DEL TAMAÑO DEL HOGAR



DISTRIBUTION BY HOUSEHOLD MEMBER'S AGE DISTRIBUCIÓN POR EDAD DE LOS MIEMBROS DEL HOGAR



DISTRIBUTION OF NUMBER OF BEDROOMS DISTRIBUCIÓN DEL NÚMERO DE DORMITORIOS



PEMBROKE VILLAGE: ECONOMY

PEMBROKE VILLAGE: ECONOMÍA

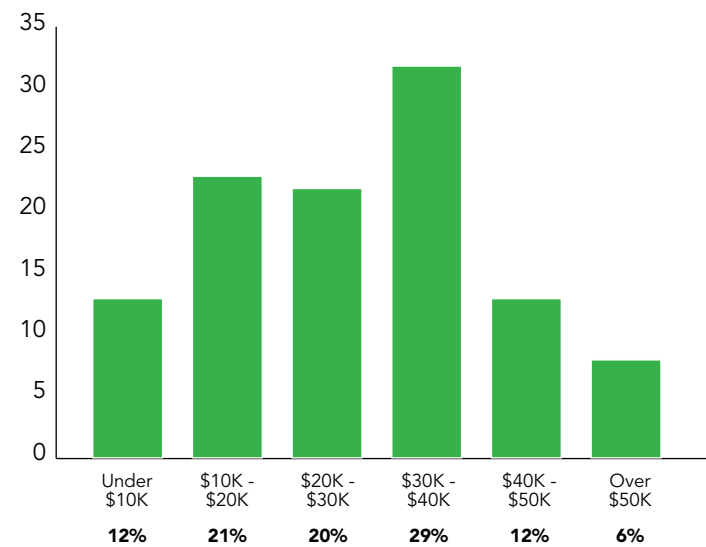
AVERAGE ANNUAL INCOME PER HOUSEHOLD

INGRESO ANUAL PROMEDIO POR HOGAR

\$28,597

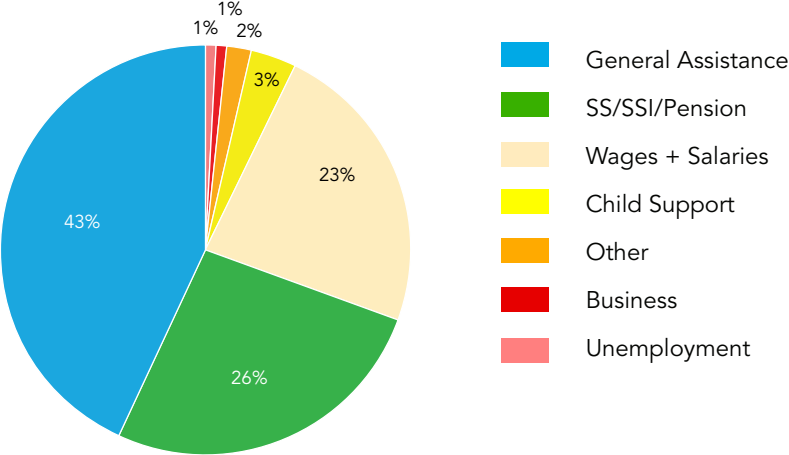
HOUSEHOLD INCOME (WAGES + SALARY)

INGRESO FAMILIAR (SUELDOS Y SALARIO)



DISTRIBUTION OF HOUSEHOLD MEMBER INCOME BY TYPE

DISTRIBUCIÓN DEL INGRESO DE LOS MIEMBROS DEL HOGAR POR TIPO



PEOPLE

PERSONAS

CENSUS TRACTS

DEMOGRAPHICS

EDUCATION

HEALTH

ECONOMY

OTHER

SECTORES DEL CENSUS

DEMOGRAFÍA

EDUCACIÓN

SALUD

ECONOMÍA

OTRO

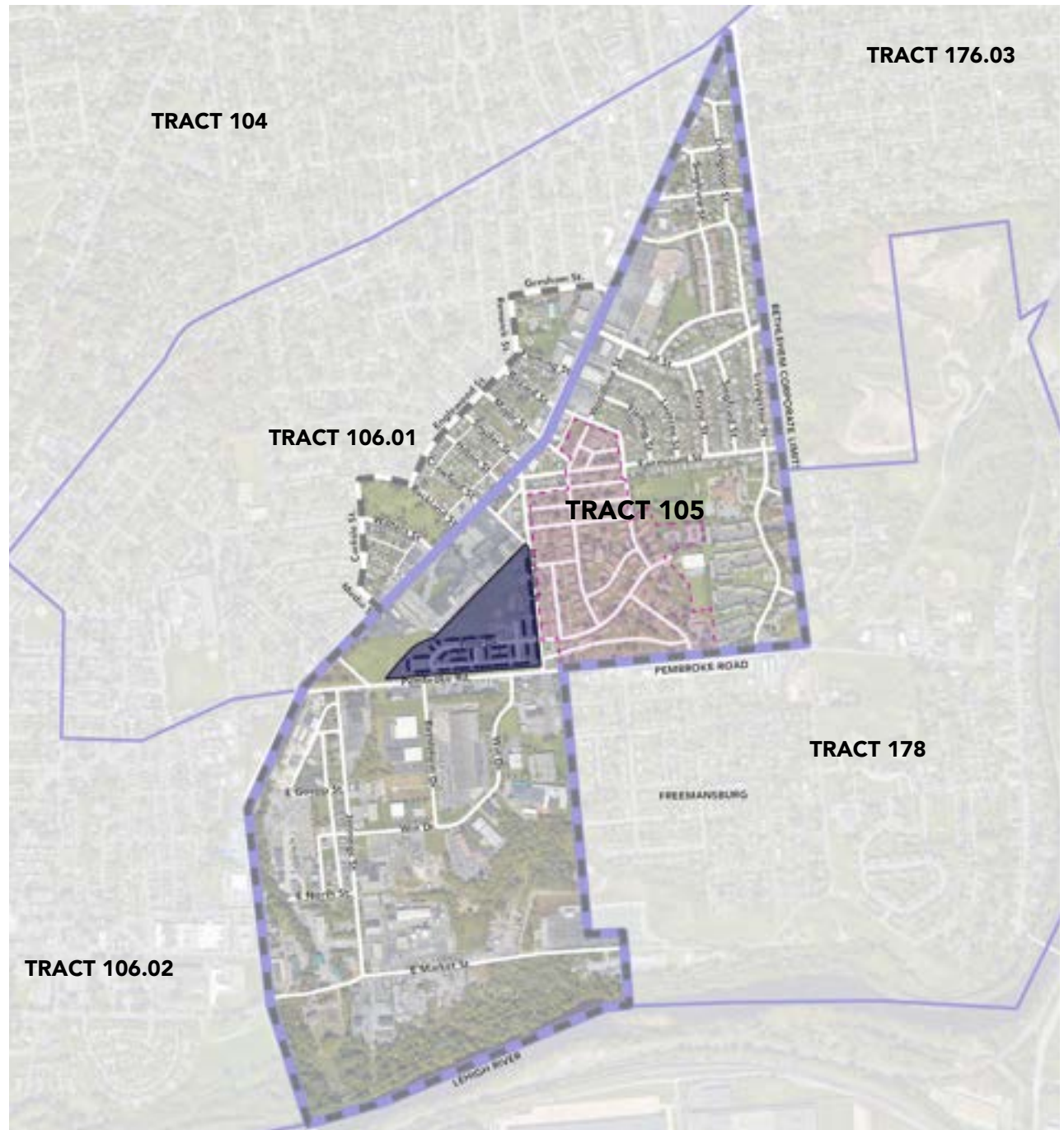
CENSUS TRACTS

SECTORES DEL CENSUS

The Choice Neighborhood Boundary lies within Census Tract 105, Northampton, PA. Census data is collected from the ACS 2021. 43% of the total population in Census Tract 105 is made up from BHA residents, including Pembroke, Marvine, Fairmount, Bayard and Pfeifle developments.

LEGEND | LEYENDA

- Choice Neighborhood Boundary
- BHA Housing Properties
- Pembroke Village
- Census Tracts



DEMOGRAPHICS

DEMOGRAFÍA

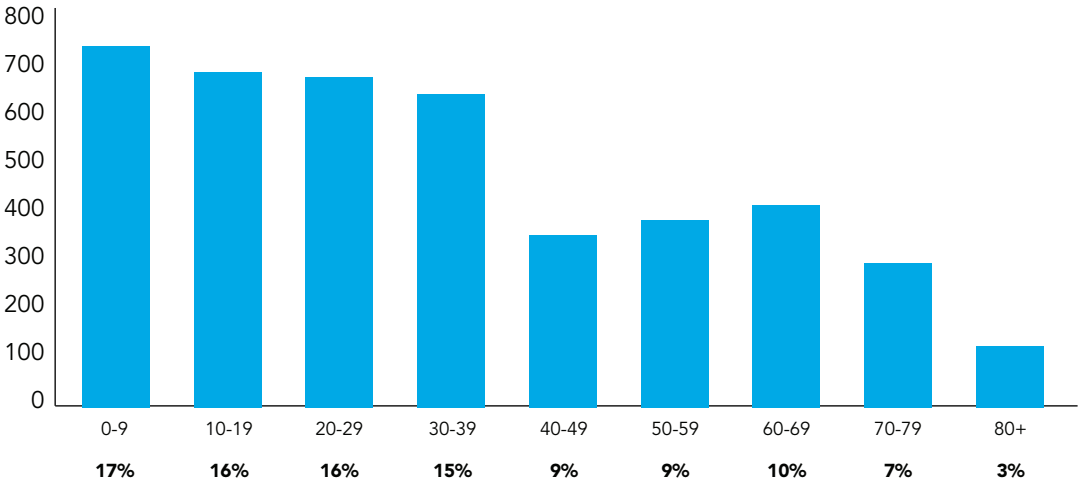
BETHLEHEM TOTAL POPULATION POBLACIÓN TOTAL DE BETHLEHEM

78,854

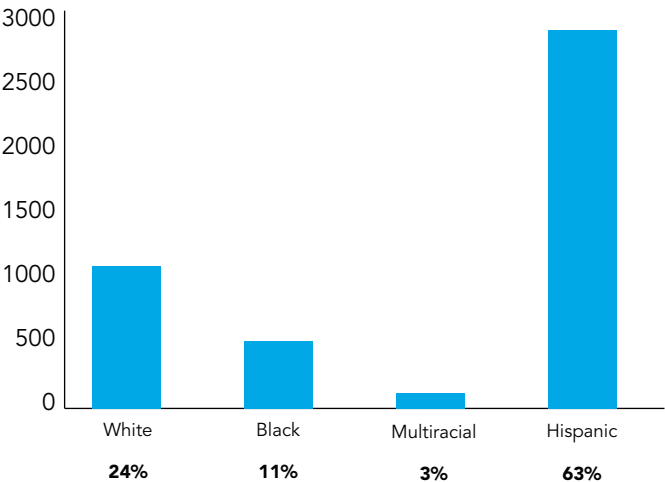
CENSUS TRACT 105 POPULATION POBLACIÓN DE LA ZONA CENSAL 105

4,273

POPULATION BY AGE POBLACIÓN POR EDAD



POPULATION BY RACE/ETHNICITY POBLACIÓN POR RAZA/ETNICIDAD

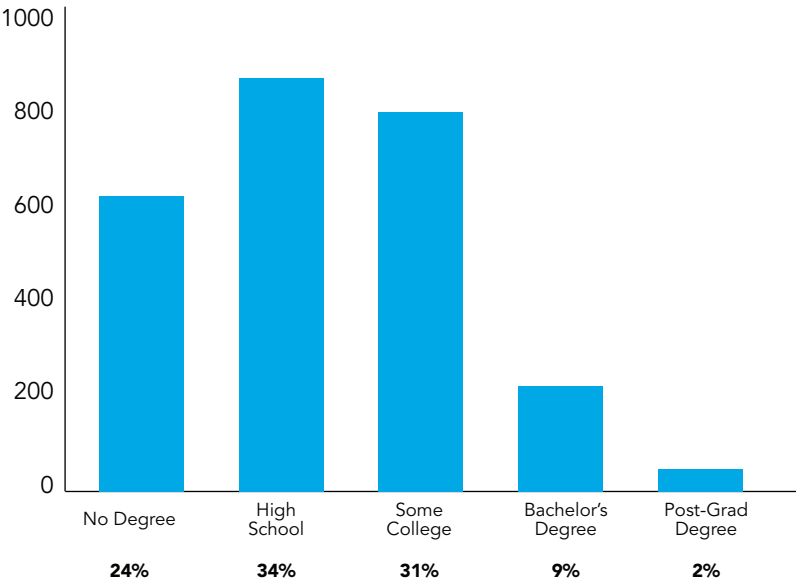


EDUCATION

EDUCACIÓN

EDUCATIONAL ATTAINMENT

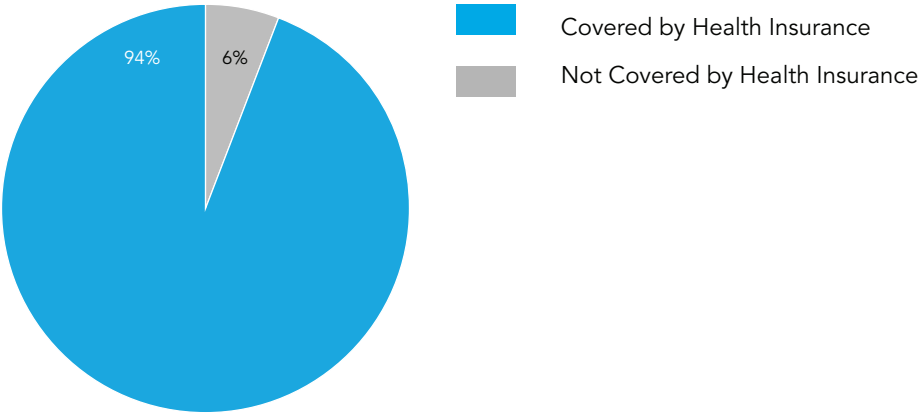
LOGRO EDUCATIVO



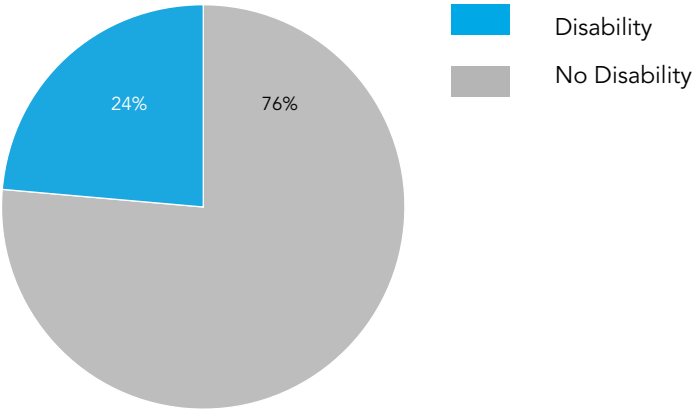
HEALTH

SALUD

HEALTH INSURANCE COVERAGE COBERTURA DE SEGURO MÉDICO



DISABILITY STATUS ESTADO DE DISCAPACIDAD



ECONOMY

ECONOMÍA

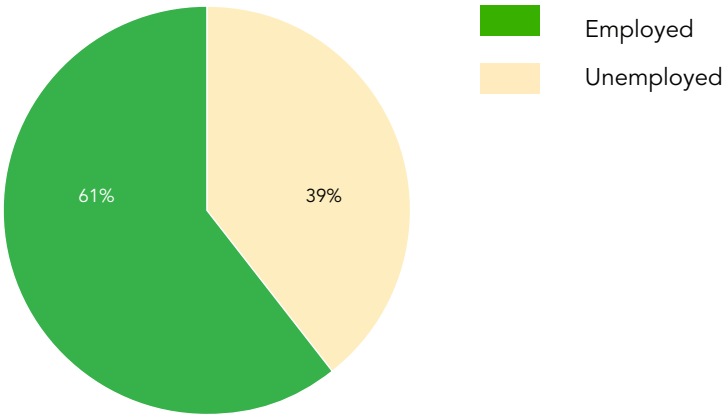
MEDIAN HOUSEHOLD INCOME

INGRESO FAMILIAR MEDIO

\$30,923

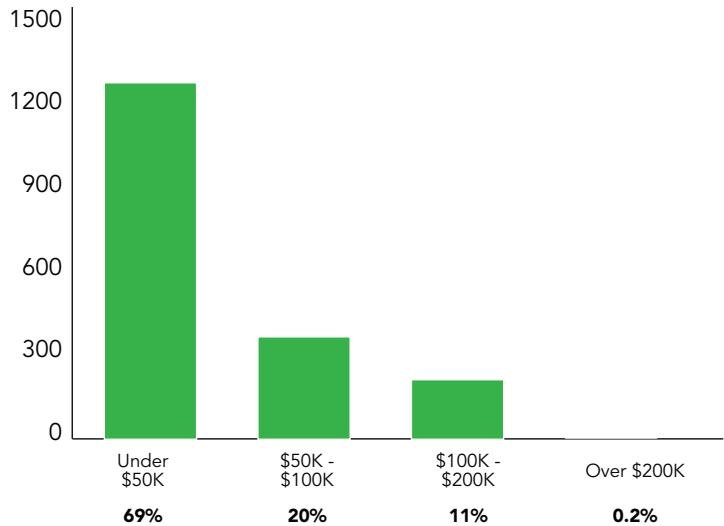
EMPLOYMENT RATE

ÍNDICE DE EMPLEO



HOUSEHOLD INCOME

INGRESO FAMILIAR



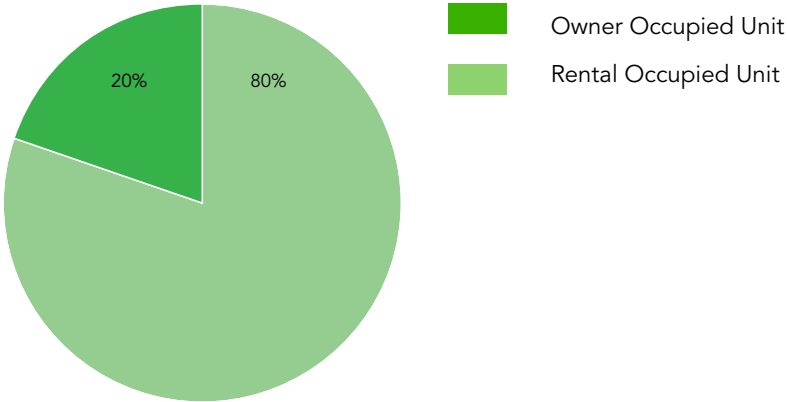
ECONOMY

ECONOMÍA

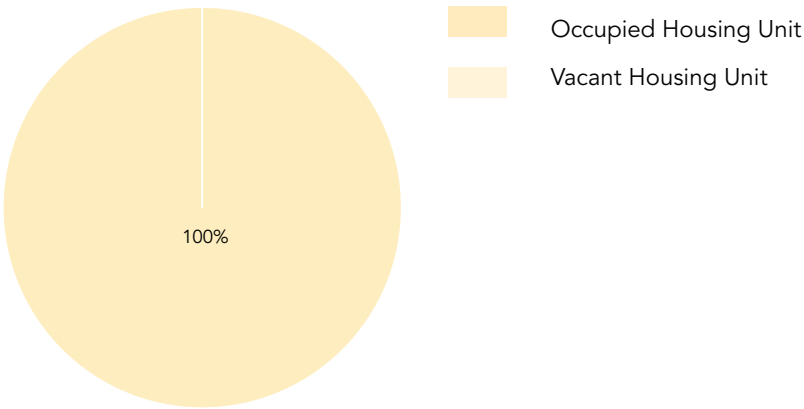
NUMBER OF HOUSING UNITS NÚMERO DE UNIDADES DE VIVIENDA

1,792

HOME OWNERSHIP RATES TASAS DE PROPIEDAD DE VIVIENDA



VACANCY STATUS ESTADO DE VACANTE



ACCESS

ACCESO

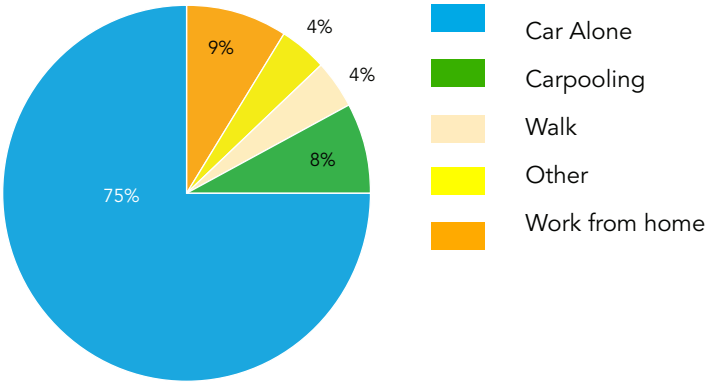
MEAN TRAVEL TIME TO WORK

TIEMPO MEDIO DE VIAJE AL TRABAJO

30.1 Minutes

MODE OF TRANSPORTATION TO WORK

MODO DE TRANSPORTE AL TRABAJO



INTERNET ACCESS

ACCESO A INTERNET

