Community Development Committee:

TOPIC: Affordable Housing

March 23, 2021 @ 6:00 PM
Relevant Topics

Data
- Rental Costs/Increases
- Housing Value/Increases
- Cost Burden
- Location Factors

Issues
- Zoning
- Historic District Regs.
- Development
- Management

Tools
- Existing Tools
- Policies
- Incentives
Data

- Income
- Housing Values
- Rent
- Rents by Location

Apt. Units Approved:
(2014-2020)
Market Rate: 887
Affordable: 0
Income

- AMI (Area Median Income-Household of 1):
  - 2017 AMI - $51,880
  - 2020 AMI - $54,701
  - 5.44% increase in AMI from 2017-2020
- LMI (Low and Moderate Income)
  - 46% (34,905 people) of the City's population
- Poverty: 11.4% of City's population live at or below poverty
- 43% of the households are cost burdened (LVPC, ACS)

City Household Income:
- <$25,000: 24.4%
- $25,000-$49,999: 24.1%
- $50,000-$74,999: 18.7%
- $75,000-$149,999: 25.1%
- >$150,000: 7.6%

*Census, 2020 Consolidated Plan*
Housing Values

Housing Sales Price:
- Median Sales Price - $155,385
- Median Sales Price has increased 4% in 5 years; 11% in 10 years

2018 B3 Initiative
2020 LVPC, Northampton/Lehigh County Assessment Dept.

Rents:
- Median Contract Rent: $810/month
- Trends from 2015 & 2020 Consolidated Plan:
  - Median Contract Rent Increase: 18%

Census, 2020 Consolidated Plan
Rents

Rents/Month
- Efficiency - $740
- 1 BR - $831
- 2 BR - $1,110
- 3 BR - $1,348
- 4 BR - $1,230

LVPC, 2020 County Assessment Data

Recent New Construction
Average Rent
- $1,500 – avg. 1BR
- $1,725 – avg. 2BR

*Average Apartment Size: 935 sf

Trends from 2015 to 2019:
- Median Gross Rent Increase: 10%

LVPC, 2020 County Assessment Data
Income Required for Following Rents:
(and not be cost burdened):

- $700-1,000 - $30,000-43,000
- $1,001-1,500 - $43,000 - $66,000
- $1,501-2,000 - $66,000 - $87,600
- $2,001 or more - >$87,600
Gross Rent

Policy Map, 2017
Problem - Issues

High number of cost burdened households

Issues:
- Limited development opportunities
- High cost of construction
- Extended timeline for development
- Lack of community-based housing entities
- Insufficient workforce housing incentives
- Management of affordable units
Tools

- Existing Tools
- Policy Considerations
- Regulatory Incentive Opportunities
- Funding Incentives
<table>
<thead>
<tr>
<th>City Incentives Currently In Place</th>
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<tbody>
<tr>
<td><strong>SALDO</strong></td>
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<tr>
<td>New affordable units are not subject to recreation fees.</td>
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<tr>
<td><strong>Stormwater Impact Fees</strong></td>
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<td>Allows a decrease in the stormwater impact fees for low income residents.</td>
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<td><strong>Zoning</strong></td>
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<td>Workforce Housing Incentive provides a density bonus for projects of 20 units or more in certain zones.</td>
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Policy Considerations

**Simplicity**
Enable simple ways to get developer participation

**Location**
Target neighborhoods with strong housing markets

**Flexibility**
Provide developers with participation options that fit the market

**Incentives**
Provide a sufficient range of incentives to off-set reduced rents or home sale costs.
Regulatory Incentive Opportunities

- Inclusionary zoning
- Parking
- Building height
- Density
- Permit accessory units
- Reduce activities requiring Zoning Hearing Board
- Reduce development fees
- Permitted by-right
- Design flexibility
Funding Incentives

Existing Funding Sources/Programs
- CDBG and HOME
- Bethlehem Housing Assistance Program-1st Time Homebuyer Program
- Lehigh Valley Community Land Trust
- Bethlehem Housing Rehabilitation Program
- Bethlehem Housing Emergency Repair Program
- CACLV Weatherization Program

Potential Funding Sources
- LERTA Tax Abatement
- Tax Increment Financing
- Establish an affordable housing fund
Conclusions...

• The best decisions are based on the sound and objective analysis of quantitative and qualitative data.
• City of Bethlehem has to lead this conversation because the market alone will not meet the need.
• Public policy and subsidy must leverage private investment and create conditions for investment to occur.
• When incentivizing economic development, Bethlehem has always offered a variety of tools to attract development. The same approach is needed to attain affordable housing.