

CITY OF BETHLEHEM

Department of Community and Economic Development

Interoffice Memo

TO: Rachel Leon, Council President

FROM: Cathy Fletcher, Director of Planning and Zoning

RE: Zoning Ordinance Amendment: Accessory Dwelling Units, Workforce Housing Incentives, and Maximum Building Coverage in RR and RS Districts

Subdivision and Land Development Ordinance Amendment: Accessory Dwelling Units

Enclosed for City Council's consideration is an Ordinance amending the City's Zoning Ordinance to establish regulations for Accessory Dwelling Units, update workforce housing incentive requirements, and increase maximum building coverage requirements for single-family detached dwellings in the Rural Residential (RR) and Single Family Residential (RS) districts. The Ordinance also amends the City's Subdivision and Land Development Ordinance to clarify that the improvement of a lot with an Accessory Dwelling Unit, by itself, is not considered land development.

The proposed ordinance:

- Establishes a definition of "Accessory Dwelling Unit (ADU)"
- Permits ADUs as accessory to a single-family or two-family principal dwelling.
- Clarifies that the improvement of a lot with an ADU, by itself, does not constitute land development.
- Creates site design standards for ADUs, including size, height, and setbacks.
- Allows up to one ADU per lot, with an additional ADU permitted if the applicable affordability requirements are met.
- Requires owner-occupancy of a property with an ADU, with an exception for properties meeting the applicable affordability requirements.
- Provides flexibility for the conversion of existing accessory structures and nonconforming structures to ADUs.
- Eliminates additional off-street parking requirements for ADUs.
- Clarifies the relationship between ADUs and the City's Unit for Care of Relative provisions.
- Updates workforce housing incentive provisions to be applied to all zoning districts; reduces the minimum development size for the workforce housing incentive from 20 to 5 dwelling units; and establishes requirements for income and housing cost affordability, maximum initial sale and resale prices, a 20-year affordability period and deed restriction, and income verification, monitoring, and documentation.

- Increases maximum building coverage requirements for single family detached dwellings in the RR and RS districts from 15% to 25% and 25% to 35%, respectively.

Thank you.

CC: Mayor Reynolds
Laura Collins
Matthew Deschler

DATE: October 14, 2026

Catherine Fletcher
Cathy Fletcher, AICP
Director of Planning and Zoning

BILL NO. ____ - 2026
ORDINANCE NO. 2026-_____

AN ORDINANCE OF THE CITY OF BETHLEHEM, COUNTIES OF LEHIGH AND NORTHAMPTON, COMMONWEALTH OF PENNSYLVANIA, AMENDING PART 13 OF THE CITY OF BETHLEHEM CODIFIED ORDINANCES, INCLUDING THE ZONING ORDINANCE AND THE SUBDIVISION AND LAND DEVELOPMENT ORDINANCE, TO ESTABLISH AND COORDINATE REGULATIONS FOR ACCESSORY DWELLING UNITS.

THE COUNCIL OF THE CITY OF BETHLEHEM DOES HEREBY ORDAIN AND ENACT THE FOLLOWING ORDINANCE:

SECTION 1. Article 1302.02 of the City of Bethlehem Codified Ordinances, defining Accessory Building or Use in the Zoning Ordinance, is hereby amended as follows (**bold underlined** text denotes additions, whereas ~~strikeouts~~ denote deletions):

1302.02 Accessory Building or Use. A subordinate use or building customarily incidental to and located on the same lot occupied by the main use or building. The term “Accessory Building” may include a private garage, garden shed or barn, private playhouse, private greenhouse, guesthouse, caretaker’s cottage, or **servants’ staff** quarters, as hereinafter provided. An outdoor private swimming pool is an accessory use but not an accessory building. Where any part of the wall of an accessory building is part of the wall of a main building, or where the accessory building is attached to the main building by a roof, including carports however covered, such accessory building shall be deemed part of the main building. Unless specifically allowed otherwise by this Ordinance, a detached building that is accessory to a dwelling shall not include cooking facilities, a shower or a bath tub, and shall not be used for overnight sleeping purposes.

SECTION 2. Article 1302.40 of the City of Bethlehem Codified Ordinances, providing definitions in the Zoning Ordinance, is hereby amended to add a subsection (g) for “Accessory Dwelling Unit (ADU)” as follows (**bold underlined** text denotes additions, whereas ~~strikeouts~~ denote deletions):

(g) **Accessory Dwelling Unit (ADU) – A residential dwelling unit that provides complete, independent living facilities and is located on a lot with a primary residential dwelling. An ADU shall include permanent facilities for living, sleeping, eating, cooking, and sanitation, and shall have an entrance separate from the primary dwelling. ADUs may be internal to the primary dwelling, attached to the primary dwelling, detached from the primary dwelling, or created through conversion of an existing accessory structure, subject to the provisions of Section 1304.03 and Section 1322.03.**

SECTION 3. Article 1304.03 of the City of Bethlehem Codified Ordinances is hereby amended as follows (**bold underlined** text denotes additions, whereas ~~strikeouts~~ denote deletions):

1304.03 Reserved **Accessory Dwelling Unit. An accessory dwelling unit, accessory to a single-family or two-family principal dwelling, shall be permitted in all districts subject to the requirements of Section 1306.03 and Section 1322.03. No more than one Accessory Dwelling Unit shall be permitted on a lot in a nonresidential district.**

SECTION 4. In Article 1306.01(a) of the City of Bethlehem Codified Ordinances, relating to Dimensional Regulations for Residential Districts, the Maximum Building Coverage for a Single Family Detached Dwelling in the table of dimensional regulations in Section 1306.01(a) – 1. RR Residential District is hereby amended as follows (**bold underlined** text denotes additions, whereas ~~strikeouts~~ denote deletions):

~~45%~~ **25%**

SECTION 5. In Article 1306.01(a) of the City of Bethlehem Codified Ordinances, relating to Dimensional Regulations for Residential Districts, the Maximum Building Coverage for a Single Family Detached Dwelling in the table of dimensional regulations in Section 1306.01(a) – 2. RS Residential District is hereby amended as follows (**bold underlined** text denotes additions, whereas ~~strikeouts~~ denote deletions):

~~25%~~ **35%**

SECTION 6. Sections 1307.1 through 1307.09 of Article 1307 of the City of Bethlehem Codified Ordinances, providing workforce housing incentive requirements, are hereby amended as follows (**bold underlined** text denotes additions, whereas ~~strikeouts~~ denote deletions):

1307.01 Workforce dwellings are rental or owner-occupied dwelling units that meet the standards of this Article 1307. This Article 1307 shall ~~only~~ apply within **all** the ~~CM-LTN, IR-R, RT, CB and CS~~ zoning districts. All of the requirements of this Ordinance shall continue to apply, except for provisions specifically modified by this Article 1307.

1307.02 This Article 1307 shall only be available if a development will include **5** ~~20~~ or more new dwelling units. If a minimum of 10% of the total dwelling units in a development will be sold or leased as workforce dwellings, then a density bonus shall be allowed. The density bonus shall be that for every workforce dwelling unit, 1.5 additional dwelling units shall be allowed in the development beyond the number of dwelling units that would otherwise be allowed. However, in no case shall the total density of the

development exceed a minimum average lot area of 1,000 square feet of lot area per dwelling unit. The restrictions of this Article shall be established and enforced by lease and by recorded deed restrictions or restrictive covenants in forms acceptable to the City. The bonus may be rounded to the nearest whole number. The following are examples of how these provisions are intended to function:

(a) If a development is permitted to have the minimum ~~5~~ 20 dwelling units and the applicant chooses to use the ~~30~~ 10 percent workforce (WF) housing (~~14~~ 4 market rate ("MR") + ~~6~~ 1 WF) **bonus**, they may construct ~~6~~ 1 x 1.5, or ~~9~~ 2 additional units:
29 7 units total (23 6 MR + 6 1 WF)

(b) If a development is permitted to have 40 dwelling units total (36 MR + 4 WF), the applicant may construct 4 x 1.5, or 6 additional units:

46 units total (42 MR + 4 WF)

(c) If a development is permitted to have 100 dwelling units total (90 MR + 10 WF), the applicant may construct 10 x 1.5, or 15 additional units:

115 units total (105 MR + 10 WF)

~~(d) If a development is permitted to have 100 dwelling units total and the applicant chooses to build 30 WF units (70 MR + 30 WF), using the maximum 30 percent workforce bonus provision, the applicant may construct 30 x 1.5, or 45 additional units:~~

~~145 units total (115 MR + 30 WF)~~

~~(e) If a development is permitted to have 100 dwelling units total and the applicant chooses to build 40 WF units (60 + 40 WF), they may construct 30 x 1.5, or 45 additional units.*~~

1307.03 A workforce dwelling unit shall be affordable to households with an annual income not to exceed 80 percent of the Area Median Income for the Allentown-Bethlehem-Easton Metropolitan Statistical Area as estimated annually by the US Department of Housing and Urban Development, or its successor estimate. For purposes of this Article 1307, "affordable" means a household is not spending more than 30 percent of its gross monthly income on total monthly housing costs, including rent or mortgage and essential utilities. Income shall be based upon the calendar year prior to the date of the sale or rental. Households whose income does not exceed 80 percent of such Area Median Income as adjusted for household size are eligible to purchase or lease a workforce dwelling unit.

1307.04 For a rental workforce dwelling unit, the monthly rent charged for the unit, plus the cost of landlord-provided utilities, shall not exceed the 80% Area Median Income gross rent limit for a unit in the same county and of the same number of bedrooms, as published annually

by the Pennsylvania Housing Finance Agency's Low Income Housing Tax Credit program. the monthly rent payment and any maintenance fees shall not exceed an amount equivalent to the Fair Market Rents for the number of bedrooms, for the Metropolitan Statistical Area as published annually by the U.S. Department of Housing & Urban Development, or its successor measurement. Costs for utilities are not included in such maximum.

1307.05

For owner-occupied workforce housing units, the Administrative Agency shall establish a maximum sales price for the initial sale of the dwelling unit shall not exceed the annual HOME Investment Partnership Homeownership Value limits as published annually by the U.S. Department of Housing and Urban Development. The maximum listed sales price shall be set by the City Department of Community and Economic Development and shall be affordable to a household with total household income that is no more than 80 percent of the Area Median Income, as calculated above. Such affordable sales price shall be based upon a currently available typical 30-year 30-year fixed rate mortgage, a down payment of no more than 15 percent of the purchase price, an estimate of property taxes and homeowner insurance premiums, and an estimate of any homeowners homeowner's/condominium association fees. The sales price shall be set so that the total of such costs at the time of the initial sale will not exceed 30 percent of the gross income by a household earning 80 percent of the Area Median Income.

1307.06

In order to lease or purchase a workforce dwelling unit, the household must receive a "Certificate of Qualification" from the City Department of Community and Economic Development or its designee. ~~designated Administrative Agency.~~ The Administrative Agency shall be a non-profit organization, governmental bureau or agency or housing authority that has agreed to accept responsibility for such matter and has been designated by the City of Bethlehem Department of Community and Economic Development as being the designated Administrative Agency.

(a) The owner shall provide the Department of Community and Economic Development ~~Administrative Agency~~ with a minimum of 60 days of advance written notice of the seller's intent to put a workforce dwelling on the market. For owner-occupied workforce housing units, the Department of Community and Economic Development ~~Administrative Agency~~ shall establish a maximum sales price for any re-sale of each dwelling unit. The seller shall reimburse the City ~~Administrative Agency~~ for the cost of a professional appraisal of the current market value of the dwelling unit or provide a professional appraisal from a certified appraiser. The maximum resale price shall be set utilizing the City resale formula, which provides the homeowner with a fair

return on investment while maintaining affordability. Such maximum sales price shall be based upon the actual sales price paid by the owner, plus 50 percent of the change in the market value of the dwelling unit from the time of most recent previous sale to the present day. In addition, the sales price may include the costs directly associated with the actual sale of the dwelling, including any realtor commissions.

1307.07 The deed restriction or restrictive covenant upon the workforce dwelling units shall continue for 20 years after each workforce dwelling unit is initially occupied. At the end of such 20-year 20-year period, the sales or rental prices of the workforce dwelling units shall not be restricted, and the proceeds of sales shall be controlled by the then-current owner. The restriction upon the workforce housing shall apply at the time of the initial lease or sale of the dwelling units and any subsequent sale, lease or sublease of the dwelling units to a different household. The income determination shall be based upon the income of the inhabitants of the dwelling unit during the calendar year prior to the sale or lease, regardless of changes in income that may occur by that same household in subsequent years. This Article shall not require a household to move out of a workforce dwelling unit because their income has increased.

1307.08 The applicant shall as part of its zoning application, provide documentation as to how this program shall be funded, monitored, implemented and enforced and shall agree that the program conditions and requirements will be made a condition of City approval. Tenant income verification will occur annually as part of a property's City rental licensing. Property owners will be required to provide proof of tenant income eligibility annually to the Department of Community and Economic Development. Rental licenses will be withheld until proper income verification is provided and property owners shall face penalties under Article 1738 for failing to obtain a license. For home ownership properties, owners must maintain the home as their principal residence and reside in the property at least nine months of the year throughout the period of affordability. If an income-qualified owner wishes to sell the home during the 20-year period of affordability, it must be sold to another income-qualified buyer at an affordable price set by the City Department of Community and Economic Development utilizing its resale formula, which ensures a fair return to the homeowner while maintaining affordability for the next income-qualified buyer. Applicants must contract with the Administrative Agency to oversee compliance with this section, with that Administrative Agency responsible to periodically certify compliance in writing to the City Department of Community and Economic Development.

1307.09 The proposed workforce dwelling units shall be integrated throughout the

development, as opposed to being isolated to one portion of a development or one floor of a building. The workforce dwelling units shall have the same exterior facade materials as market rate dwellings in the development, and be indistinguishable in appearance. The workforce housing units shall have no greater percentage of multi-family units than the market rate dwellings. **The average number of bedrooms in workforce units must equal or exceed the average number of bedrooms in the market-rate units of the development.**

SECTION 7. Article 1319.01(a)(1) of the City of Bethlehem Codified Ordinances, providing off-street parking and loading requirements, is hereby amended to establish Accessory Dwelling Unit parking requirements, exemptions, and administrative relief standards as follows (**bold underlined** text denotes additions, whereas ~~strikeouts~~ denote deletions):

(iv) Accessory Dwelling Units. Off-street parking spaces shall not be required for an Accessory Dwelling Unit.

SECTION 8. Article 1322.03 of the City of Bethlehem Codified Ordinances, providing additional requirements for specific uses, is hereby amended by adding a new section for Accessory Dwelling Units as follows and renumbering all subsequent sections of Article 1322.03 and renumbering all cross-references to those subsequent sections in other sections of the Zoning Ordinance accordingly (**bold underlined** text denotes additions, whereas ~~strikeouts~~ denote deletions):

(a) Accessory Dwelling Units.

(1) An Accessory Dwelling Unit shall not be used to establish a new principal residential use on a lot where the underlying district does not allow a primary residential building.

(2) Number of Accessory Dwelling Units.

(i) One Accessory Dwelling Unit, which may be internal, attached, or detached, shall be allowed on a lot with a principal dwelling unit, subject to the owner-occupancy requirement of subsection (7)(ii).

(ii) A second Accessory Dwelling Unit, which may be internal, attached, or detached, shall be allowed on a lot only if a Workforce Unit is allocated to the second Accessory Dwelling Unit in accordance with subsection (2)(iv). In no case shall a lot contain more than two Accessory Dwelling Units.

(iii) Workforce Units. For purposes of this subsection (a), a "Workforce Unit" means a dwelling unit on the lot, whether the principal dwelling unit or an Accessory Dwelling Unit, that is leased at an affordable rate to a household holding a Certificate of Qualification in compliance with Sections 1307.03, 1307.04, 1307.06 and the requirement of Sections 1307.02 and 1307.07 of Article 1370 that restrictions be established by deed restriction or restrictive covenant, to the extent applicable to a leased dwelling unit. The minimum development size and density bonus provisions of Section 1307.02, and the integration and bedroom

provisions of Section 1307.09 shall not apply to a Workforce Unit under this subsection (a). Compliance shall instead be verified in accordance with subsection (2)(v).

(iv) Allocation of Workforce Units. Each Workforce Unit on a lot may be allocated to either (A) a second Accessory Dwelling Unit under subsection (2)(ii), or (B) a waiver of the owner-occupancy requirement under subsection (7)(iv), but a single Workforce Unit shall not be allocated to both. A lot that relies on both a second Accessory Dwelling Unit and an owner-occupancy waiver shall therefore contain at least two Workforce Units. The owner shall identify, as part of the Accessory Dwelling Unit approval, each Workforce Unit relied upon and the purpose to which it is allocated.

(v) Verification. Compliance with this subsection (2) shall be verified annually as part of the City's rental licensing process, in accordance with Section 1307.08. The City shall flag each lot that relies on a Workforce Unit in its rental licensing records and shall issue or renew rental licenses for the lot only for the number of dwelling units, and only upon the conditions permitted by this subsection. All Workforce Units must record deed restrictions or restrictive covenants in forms acceptable to the City in compliance with Section 1307.02 and 1307.07 of Article 1307.

(vi) Loss of Qualification. If a Workforce Unit relied upon under this subsection (a) ceases to qualify as a Workforce Unit, the owner shall, within ninety (90) days after written notice from the City, either (A) provide a replacement Workforce Unit on the lot, or (B) discontinue the residential use of the second Accessory Dwelling Unit or resume owner occupancy, as applicable. Failing such cure, the City may deny, suspend, or revoke rental licenses for the lot.

(vii) Examples. The following examples illustrate how this subsection (2) is intended to function:

(A) Owner lives on the lot. The owner may create one Accessory Dwelling Unit without a Workforce Unit. The owner may create a second Accessory Dwelling Unit if at least one of the three dwelling units (the principal dwelling unit and the two Accessory Dwelling Units) is a Workforce Unit.

(B) Owner does not live on the lot. The owner may not create any Accessory Dwelling Unit unless at least one of the dwelling units is a Workforce Unit allocated to the owner-occupancy waiver. The owner may create two Accessory Dwelling Units only if at least two of the three dwelling units are Workforce Units, one allocated to the second Accessory Dwelling Unit and one allocated to the owner-occupancy waiver.

(C) Owner lives on the lot and later moves. An owner who lives on the lot with two Accessory Dwelling Units, one of which is a Workforce Unit allocated to the second Accessory Dwelling Unit, may not rent all three units unless another dwelling unit also qualifies as a Workforce Unit and is allocated to the owner-occupancy waiver.

- (3) An Accessory Dwelling Unit may be internally connected to the principal single-family dwelling, but each dwelling must have a private entrance that does not require passage through the other for access to habitable living areas or utility areas.
- (4) Size:
- (i) Attached ADUs. The habitable floor area of an attached Accessory Dwelling Unit shall not exceed the lesser of (A) 60 percent of the habitable floor area of the primary dwelling, or (B) 900 square feet.
 - (ii) Detached ADUs. A detached Accessory Dwelling Unit shall not exceed 1,200 square feet of habitable floor area.
- (5) Height.
- (i) A detached Accessory Dwelling Unit shall not exceed two and one-half stories.
 - (ii) The maximum height of a detached Accessory Dwelling Unit shall be 25 feet.
- (6) For a detached Accessory Dwelling Unit on a lot served by an alley:
- (i) If an entry door opens onto or faces an alley, then a 5-foot setback from the alley is required.
- (7) Ownership, Occupancy, Rental, and Use Standards.
- (i) The principal dwelling unit and Accessory Dwelling Unit shall remain under common ownership. Separate ownership, condominiumization, cooperative ownership, land trust ownership, shared-equity ownership, separate conveyance, or another ownership structure involving an Accessory Dwelling Unit may be allowed only where authorized by this Ordinance, the Subdivision and Land Development Ordinance, and any other applicable City ordinance, approval, pilot program, or implementation program.
 - (ii) Except as provided in subsection (iv), at least one owner of the property shall occupy either the principal dwelling unit or one Accessory Dwelling Unit as the owner's primary residence. Compliance with this subsection (ii) shall be verified annually as part of the City's rental licensing process under Article 1738. The City shall flag each lot containing an Accessory Dwelling Unit in its rental licensing records and shall issue or renew rental licenses for the lot only for the number of dwelling units permitted by this subsection (a).
 - (iii) The City may require an owner-occupancy certification, affidavit, recorded notice, recorded deed restriction, recorded covenant, license condition, or other documentation as part of the Accessory Dwelling Unit approval, rental licensing, certificate of occupancy, or other applicable process.
 - (iv) Owner-Occupancy Waiver. The owner-occupancy requirement of subsection (ii) shall be waived for a lot on which a Workforce Unit is allocated to the waiver in accordance with subsection (2)(iv). A Workforce Unit allocated to the owner-occupancy waiver shall not also be allocated to a second Accessory Dwelling Unit.
- (8) Nonconformities and Existing Structures.

- (i) A nonconforming accessory building may be converted to an Accessory Dwelling Unit if the conversion does not increase any dimension of nonconformity.
- (ii) An accessory building that is not a nonconforming structure but that is lawfully existing at the time of the adoption of this subsection (ii) may be converted to an Accessory Dwelling Unit without meeting the Accessory Dwelling Unit setback standards.
- (9) Relationship to Unit for Care of Relative. A dwelling unit that meets the definition of an Accessory Dwelling Unit and is intended for long-term independent occupancy may be approved as an Accessory Dwelling Unit under this subsection. A Unit for Care of Relative may continue to be approved under the requirements of section 1322.03 where the applicant seeks approval under that section and complies with its requirements.

SECTION 9. Article 1306.03(d) of the City of Bethlehem Codified Ordinances is hereby amended as follows (bold underlined text denotes additions, whereas ~~strikeouts~~ denote deletions):

- (d) Except as provided for in the ADU provisions of Section 1322.03, in ~~In~~ no case shall the floor area of an accessory building exceed 1,000 square feet in a residential district.

SECTION 10. Article 1342 of the City of Bethlehem Codified Ordinances, providing definitions for the Subdivision and Land Development Ordinance, is hereby amended to add an Accessory Dwelling Unit cross-reference as follows (bold underlined text denotes additions, whereas ~~strikeouts~~ denote deletions):

1342.02. DEFINITIONS.

Accessory Dwelling Unit. See "Accessory Dwelling Unit" as defined in the City Zoning Ordinance, as amended. The improvement of a lot with an Accessory Dwelling Unit shall not, by itself, be considered land development.

SECTION 11. Repealer. All ordinances and parts of ordinances inconsistent herewith are hereby repealed to the extent of such inconsistency.

SECTION 12. Severability. If any sentence, clause, section, or part of this Ordinance is for any reason found to be unconstitutional, illegal, or invalid, such unconstitutionality, illegality, or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections, or parts of this Ordinance.

SECTION 13. Effective Date. This Ordinance shall take effect in accordance with applicable law.

Sponsored by: /s/ _____

/s/ _____

PASSED finally in Council on this _____ day of _____, 2026.

/s/ _____
President of Council

ATTEST:

/s/ _____
City Clerk

This Ordinance approved this _____ day of _____, 2026.

/s/ _____
Mayor