



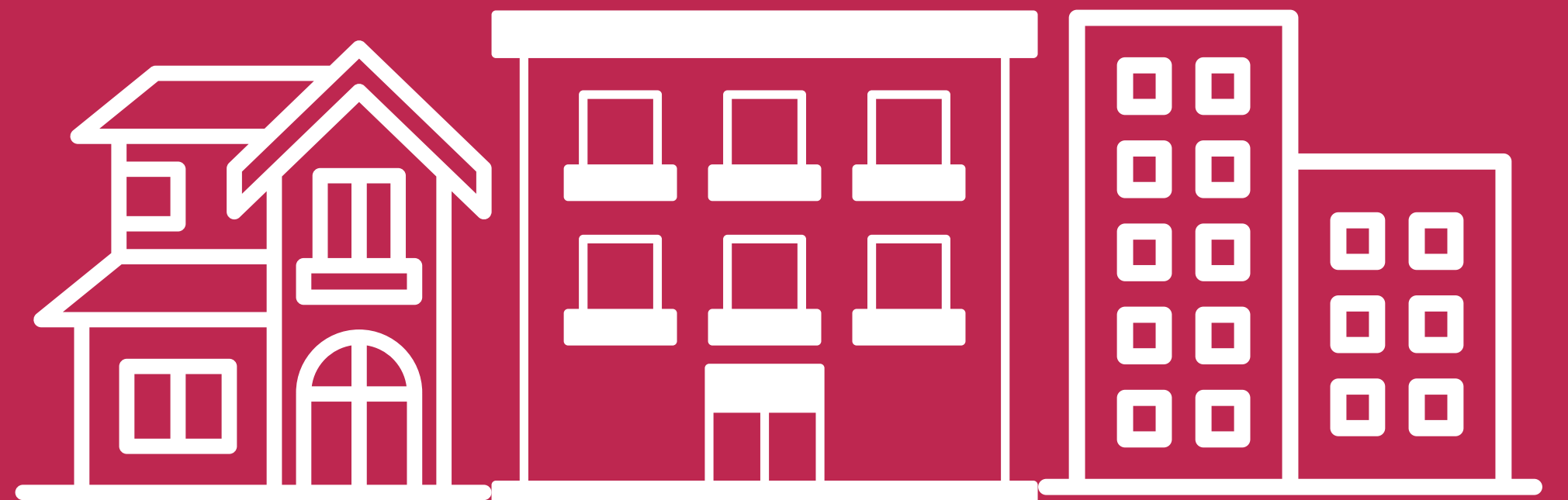
Opening



Doors

**Part 2: Building Housing  
Stability in Bethlehem**

**Affordable housing is not only a moral imperative, but also an economic necessity for creating stable and thriving communities.**



# Bethlehem's housing market changed rapidly

## MEDIAN SALES PRICE

**\$182K**  
May 2019



**\$302K**  
May 2023

## MEDIAN RENT

**\$1,354**  
May 2019



**\$1,910**  
May 2023

# Goals of Opening Doors:

- ★ Leverage available funding to maximize impact.
- ★ Prioritize projects that target the greatest need and help the most people.
- ★ Create an environment that encourages a variety of new housing developments.
- ★ Think and plan regionally.

# What is affordable housing?



**Housing that a household  
can pay for and  
still have  
money left over for  
other necessities  
like food, transportation  
and health care.**

**Table 15: Housing Affordability for Top 20 Occupations in the Lehigh Valley**

	Total Employed	Annual Median Salary \$	One-Earner Household		Two-Earner Household	
			Rent Affordability \$	Home Affordability	Rent Affordability \$	Home Affordability
General Laborers and Material Movers	14,620	36,570	762	\$127,995	1524	\$182,850
Registered Nurses	9,930	77,830	1,621	\$272,405	3243	\$389,150
Stockers and Order Fillers	9,020	30,380	633	\$106,330	1266	\$151,900
Home Health and Personal Care Aides	8,960	28,350	591	\$99,225	1181	\$141,750
Retail Salespersons	8,270	28,200	588	\$98,700	1175	\$141,000
Cashiers	8,130	23,480	489	\$82,180	978	\$117,400
Fast Food and Counter Workers	7,470	23,230	484	\$81,305	968	\$116,150
Office Clerks, General	7,270	37,860	789	\$132,510	1578	\$189,300
General and Operations Managers	6,720	97,930	2,040	\$342,755	4080	\$489,650
Customer Service Representatives	6,530	36,510	761	\$127,785	1521	\$182,550
Heavy and Tractor-Trailer Truck Drivers	6,410	49,140	1024	\$171,990	2048	\$245,700
Janitors and Cleaners	5,780	29,750	620	\$104,125	1240	\$148,750
Industrial Truck and Tractor Operators	5,780	38,730	807	\$135,555	1614	\$193,650
Administrative Assistants	4,960	38,050	793	\$133,175	1585	\$190,250
Nursing Assistants	4,800	36,410	759	\$127,435	1517	\$182,050
Miscellaneous Assemblers and Fabricators	4,790	38,180	795	\$133,630	1591	\$190,900
Elementary School Teachers	3,980	77,710	1619	\$271,985	3238	\$388,550
Maintenance and Repair Workers, General	3,870	46,640	972	\$163,240	1943	\$233,200
Waiters and Waitresses	3,830	25,100	523	\$87,850	1046	\$125,500
Secondary School Teachers	3,700	72,200	1504	\$252,700	3008	\$361,000
<i>Median Rent 1-Bedroom</i>			<b>\$1,465</b>			
<i>Median Rent 2-Bedroom</i>			<b>\$1,750</b>			
<i>Typical Home Value</i>			<b>\$310,000</b>			

**Home health care, retail and food services workers would need to earn \$40K more per year to afford a one-bedroom apartment in Bethlehem.**

Source: Occupational Employment and Wages in Allentown-Bethlehem-Easton – May 2021; Zillow SOVI and Rentals Data effective March 2023



"housing on which the occupant is paying no more than 30% of gross income for housing costs, including utilities."

U.S. Dept. of Housing and Urban Development

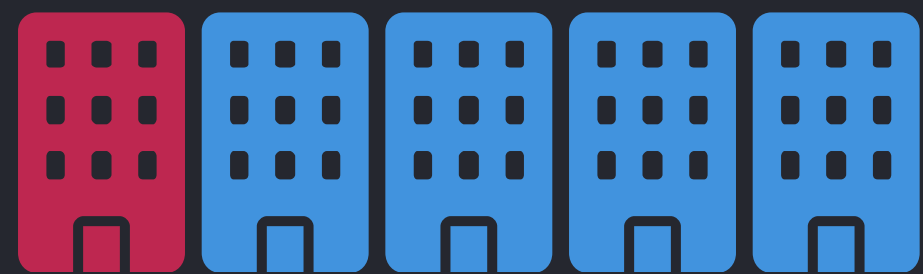


# WHAT IS COST BURDEN?

**30%** Paying more than  
of your household  
income on housing

8,300 low-income households  
are cost-burdened

**74%** of them  
are renters



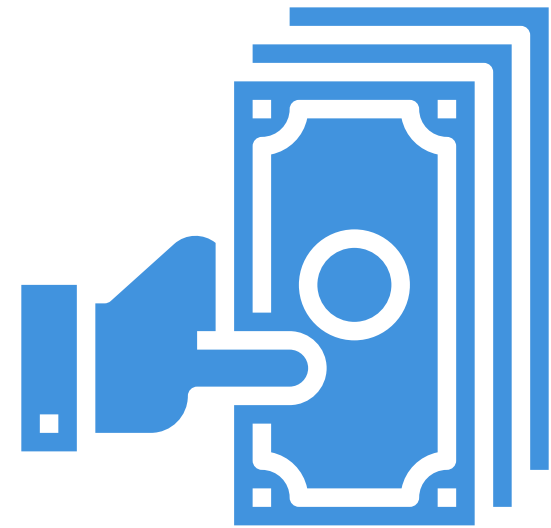
Bethlehem renters are  
extremely cost- burdened

# WHAT IS EXTREME COST BURDEN?

**50%** Paying more than  
of your household  
income on housing



# What it costs to live in Bethlehem



**\$62,146**  
median  
household  
income



**The income  
needed to  
afford a  
\$300,000  
average home**



**The income  
needed to  
affordably rent a  
one-bedroom  
apartment**

**26.2%**

**of households  
earn less than  
\$35,000**

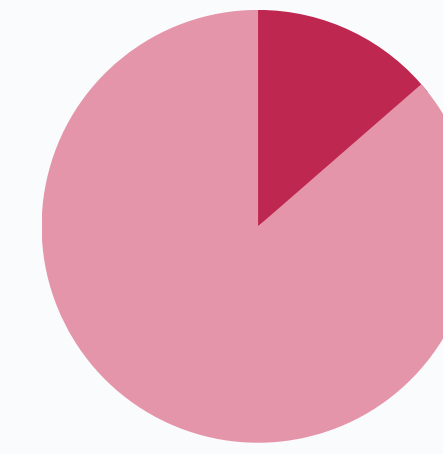
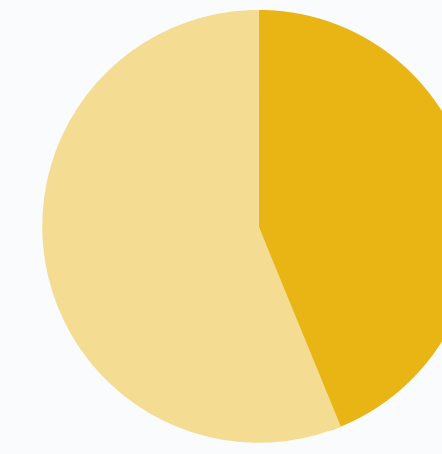
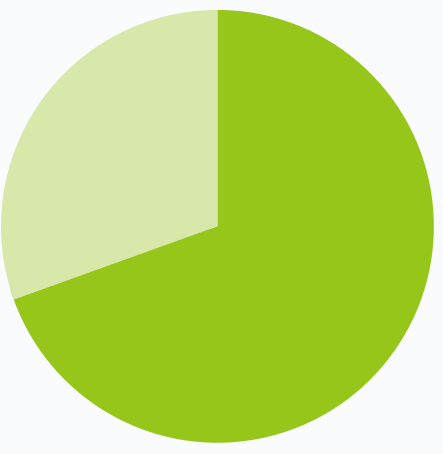
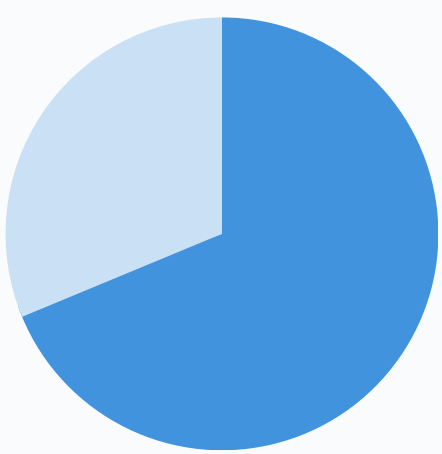
# The most affected households


Less than  
**30%  
AMI**


**30-50%  
AMI**


**50-80%  
AMI**


**80-100%  
AMI**



 Cost Burdened (68.8%)

 Cost Burdened (69.5%)

 Cost Burdened (43.8%)

 Cost Burdened (13.6%)

## Housing Cost Burden

When a household is paying more than 30% of household income on housing costs.

**Access to affordable  
rental housing is the most  
acute need in Bethlehem.**

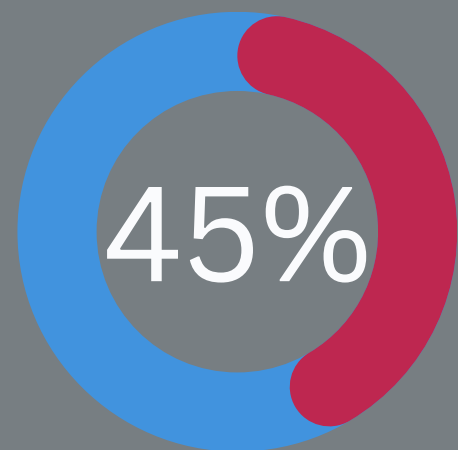


**Renters make  
up almost half  
of Bethlehem's  
households.**

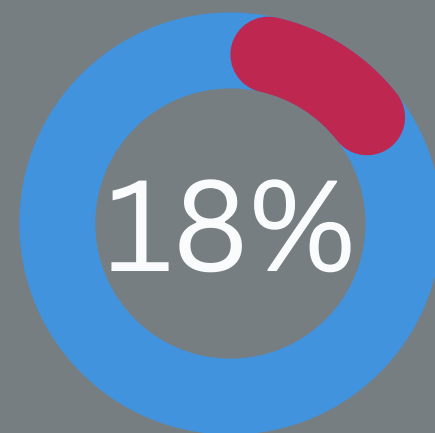
**Compared to 32% Lehigh  
Valley wide**



## Cost-Burdened Bethlehem Households



All Renters



All Homeowners

# 74%

of cost-burdened  
low-income  
households are  
renters.

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# **Bethlehem's 2% Rental Vacancy Rate Signals a Crisis**

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Unsheltered | Sheltered | Supportive Housing

High Market Rental | Homeownership

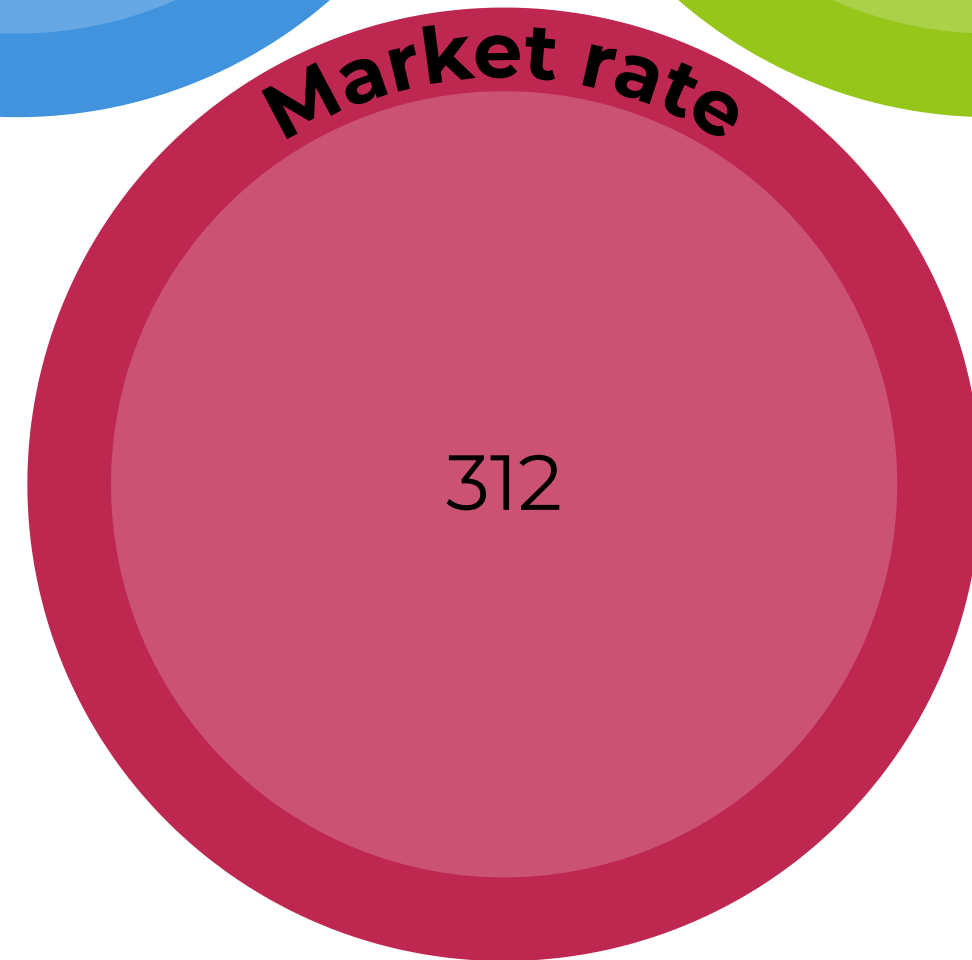
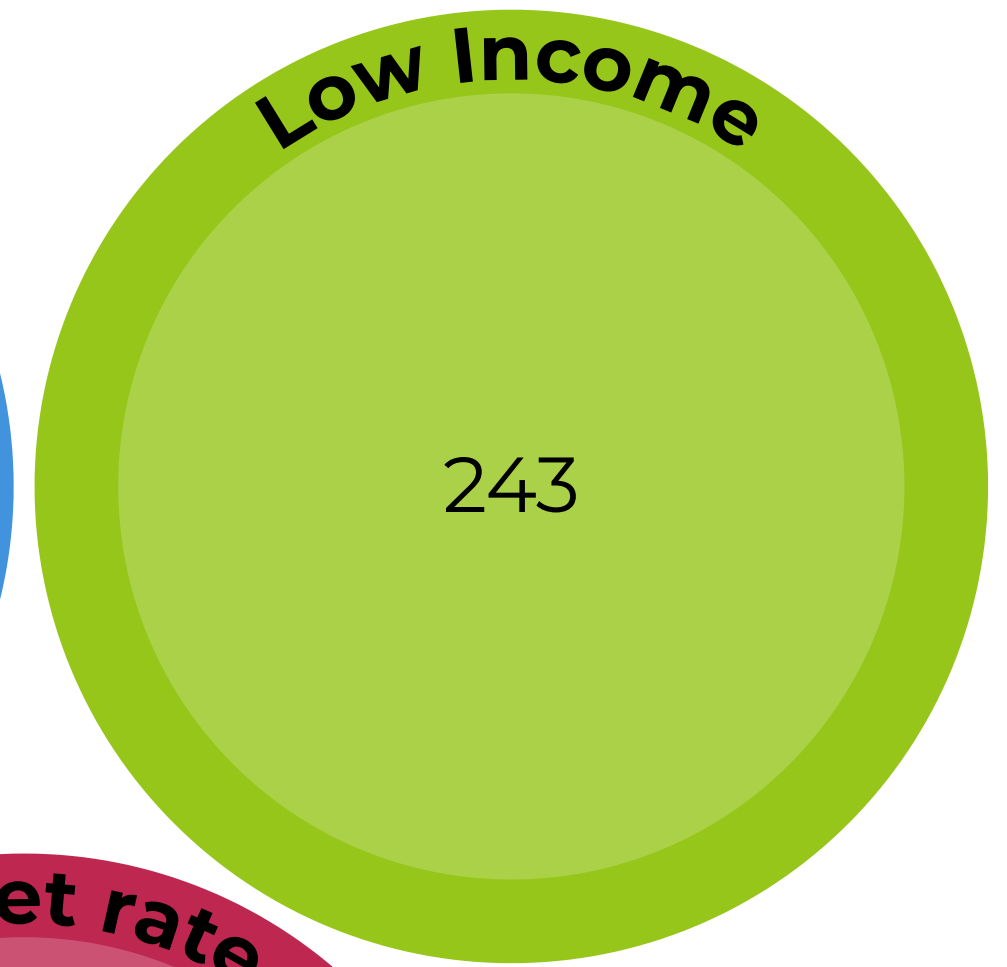
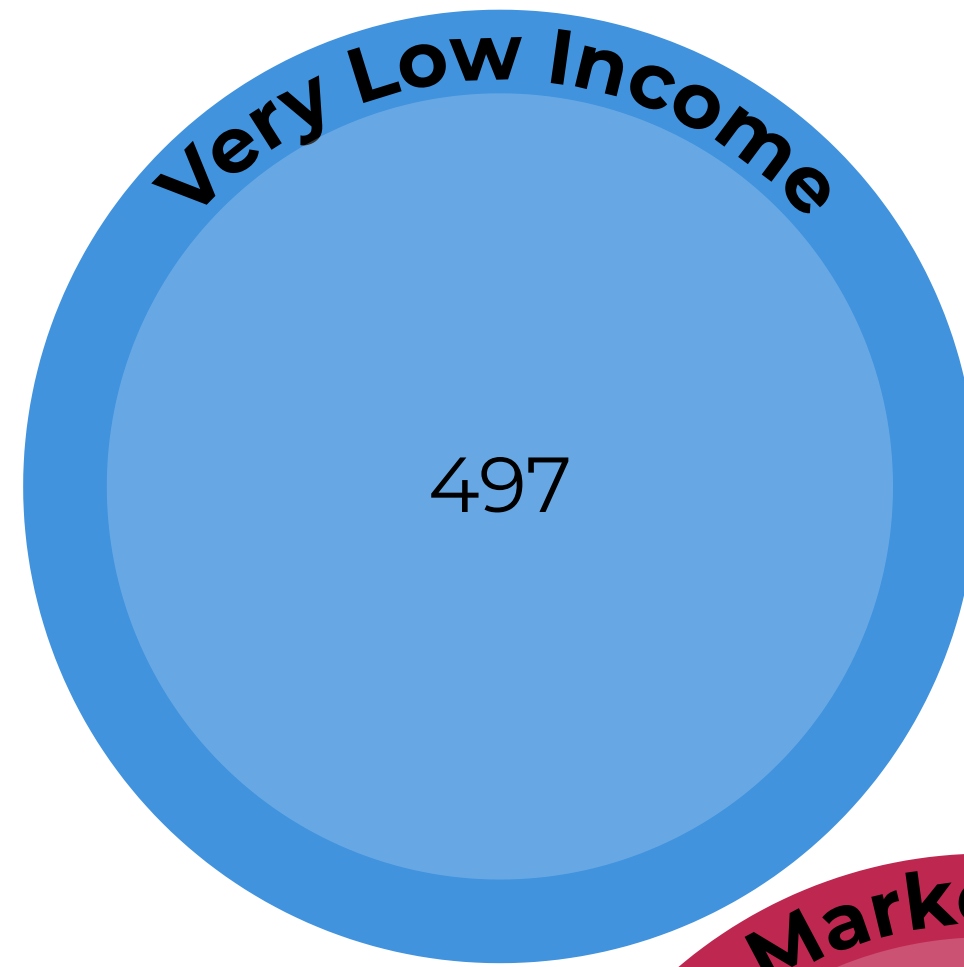
Public Housing | Section 8 Vouchers

Homeownership Assistance | Resident Ownership |  
Cooperative Ownership | Community Land Trusts

Naturally Occurring Affordable Housing | Low Market Rental | Workforce Housing

**1,052**

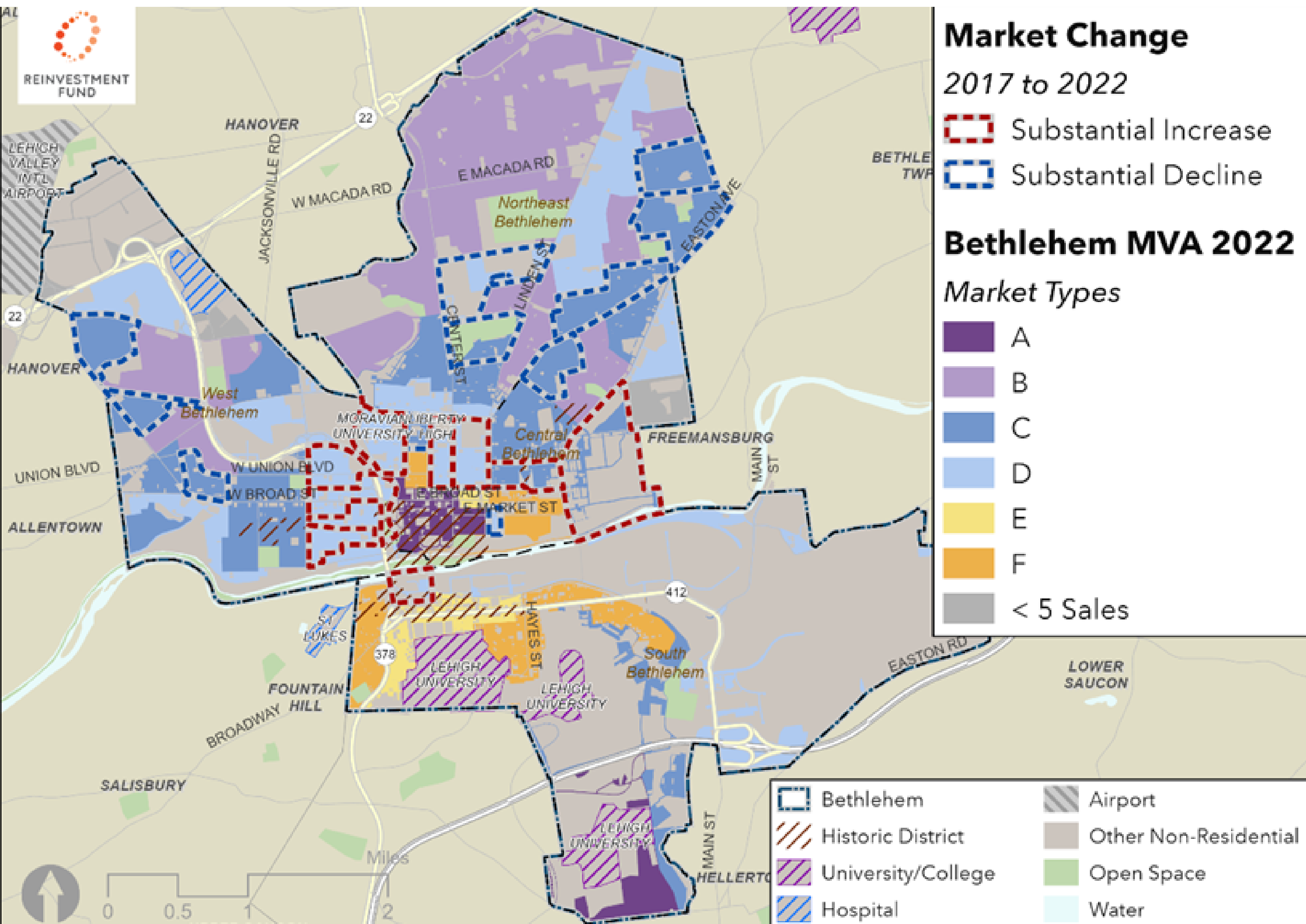
**New rentals  
are needed  
to get back  
to a 7%  
vacancy rate**





# Goals of Opening Doors:

- ★ Leverage available funding to maximize impact.
- ★ Prioritize projects that target the greatest need and help the most people.
- ★ Create an environment that encourages a variety of new housing developments.
- ★ Think and plan regionally.



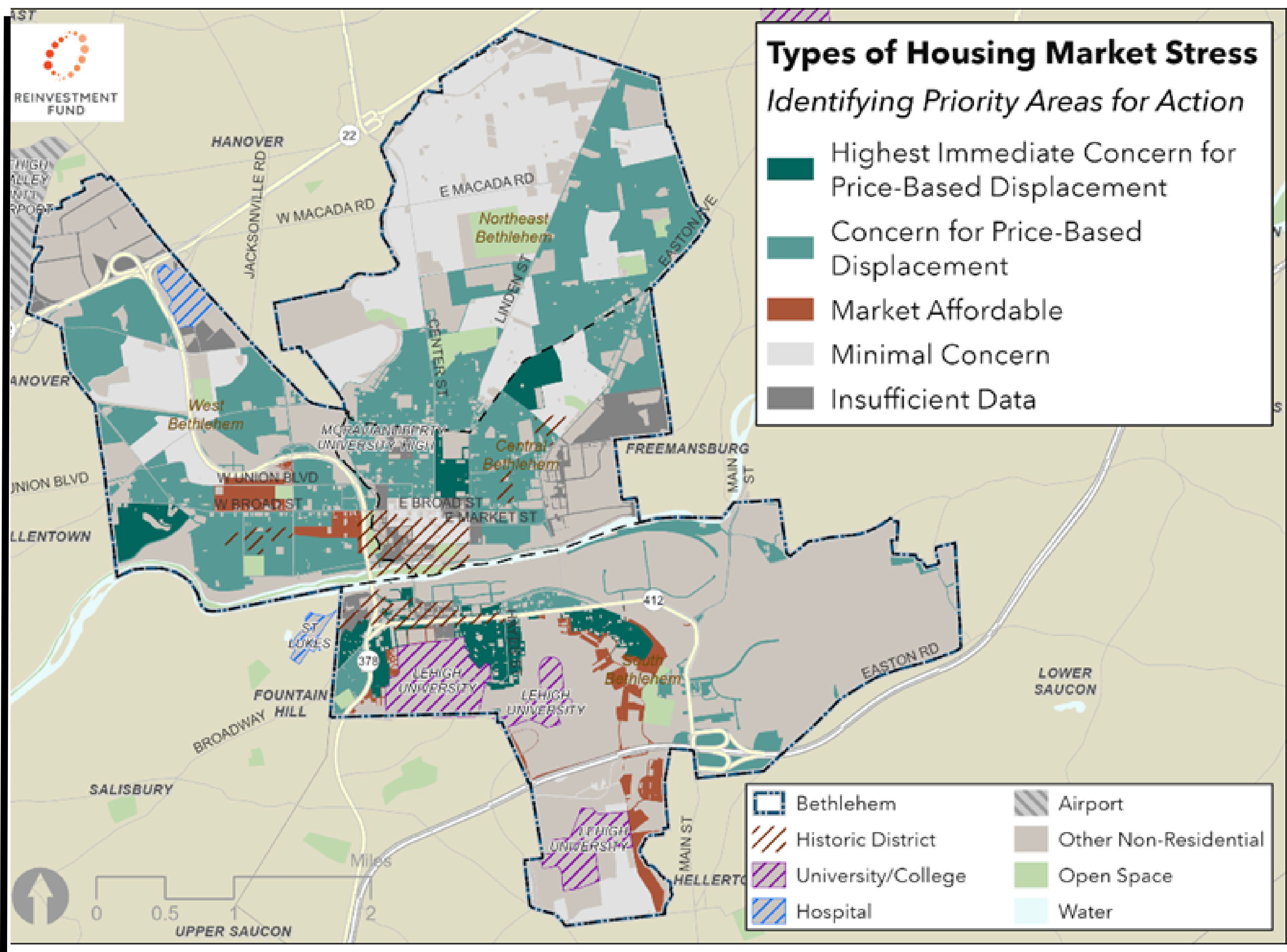
**Bethlehem's neighborhoods remain strong**

# Identifying Housing Stress

*Market Value Analysis Classifications*

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

# Priority Areas for Action





# Our Plan

## Make it easier and more financially feasible to build new affordable housing units:

- Update zoning and land development to incentivize affordable housing and neighborhood-compatible infill
- Support accessory dwelling unit production
- Offer gap financing for affordable housing development projects

## Engage and support Bethlehem Housing Authority to increase their impact and reach:

- Offer gap financing for Housing Choice Voucher (Section 8) landlord incentive program
- Lead Choice Neighborhoods planning process for Pembroke
- Pursue land acquisition opportunities for new development as part of Choice Neighborhoods

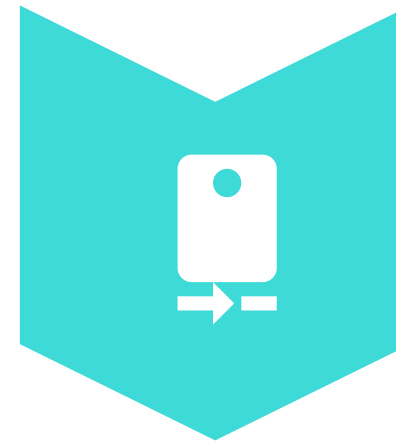
## Help low-income tenants stay in their homes:

- Fund emergency rental assistance programs
- Support eviction mediation services

## Advocate for policy change and regional planning

# PHASES OF DEVELOPMENT INCENTIVES

## Project Initiation



- Public Land
- Public Infrastructure
- By-Right Development

## Entitlement and Design



- Design Flexibility
- Accelerated Approval
- Fee Waivers and Deferrals
- Density Bonuses
- Reduced Parking Requirements

## Construction



- Direct Public Capital Funding
- Accelerated Approval: Building Code and Construction Inspection

## Operation



- Tax Abatements
- Direct Public Operating Funding

# Update Zoning and Land Use

To encourage a variety of housing types and infill development



"Missing Middle homes fit into the fabric of all sorts of places, span a useful range of density and height, and are often both the least expensive and most versatile way to meet housing needs."

**Daniel Herriges | Strong Towns**

# Zoning Update



- **Identify areas, parcels and project types that warrant by-right affordable housing development.**
- **Increase development opportunities in higher-value neighborhoods.**



# By-right development

**Improves affordability by:**

**1**

Lowering development costs via a faster, more predictable approval process.

**2**

Increasing the supply of housing by prioritizing gentle increases in density.

# What do gentle increases in density look like?



Smaller multi-family buildings, duplexes, triplexes, cottage courts



Design prototype for a 4-story apartment building within 3-story single family district.

# ADU Pilot Program



The City should pilot a program that allows Accessory Dwelling Units in targeted neighborhoods.

The City must designate areas, target types of units and/or affordability requirements

ADUS can gently increase neighborhood density and increase scattered-site development.

Thoughtful planning can create neighborhood environments similar to the pre-1950s when they were common.

Some will be market rate.



# ADUs are not automatically affordable units

That requires subsidy and partnerships

- Hire a technical advisor to draft the program and policies.
- Create specific guidelines
- Provide ongoing technical assistance and predevelopment financing to eligible projects.

# ALLEY HOUSES

**Historic housing type seen all over Bethlehem. New partnership with City, Lehigh University and Community Action Lehigh Valley aims to usher in their revival.**





# Offer Incentives to Create and Preserve Affordable Housing

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# Can fund:

- Acquisition costs
- Predevelopment financing
- Construction financing
- Permanent debt

## Revolving Loan Fund

### Targets

Medium and large-scale projects of 10 units or more

Public funding can “close the gap” on desirable but otherwise infeasible projects.



# Affordable Housing Gap Financing



Bayou Cane Development used CDBG gap funding and Low-Income Housing Tax Credits to fund the 82-unit development.

- This Houma, La., parish earmarked \$5.7M in CDBG funding to use as leverage for a Low-Income Housing Tax credit project.
- The government issued a national RFP and the selected developer used the \$5.7M to secure tax credits and permanent debt to build 82 units.
- The CDBG portion of the project is permanent debt with 0% interest rate and debt service paid from surplus cash revenue. Debt payments are used as revolving funds to support new projects.

# Landlord Incentive Program



**Almost 1K Lehigh Valley  
HCVs are not in use**

Housing Choice Vouchers (HCVs) help tenants bridge the gap between their income and market-rate rents.

But HUD's rental reimbursement of \$1,000 to \$1,500 lags behind actual rental rates, diluting the power of the voucher.

Housing Authorities can reimburse up to 110% of FMR, but this reduces the number of available vouchers.

# Overcoming a tough rental market

Partner with housing authorities to cover the gap between market-rate rents and HCV values.

This stopgap measure would last roughly three years, until new project-based and Bethlehem Housing Authority-managed units come online.



# Build Partnerships with Institutions

Like the Bethlehem Housing  
Authority, to Support New  
Housing and Community  
Investment



Hospital-built employee housing in Nantucket

An aerial photograph of a city grid, likely in the Midwest, showing a dense network of streets and a river winding through the area. The text is overlaid in the center, with a white fill and a thick black outline. The text reads: 

# Create and Implement a Choice Neighborhoods Transformation Plan

# \$500,000

Two-year Choice  
Neighborhoods Planning  
grant awarded  
September 2023



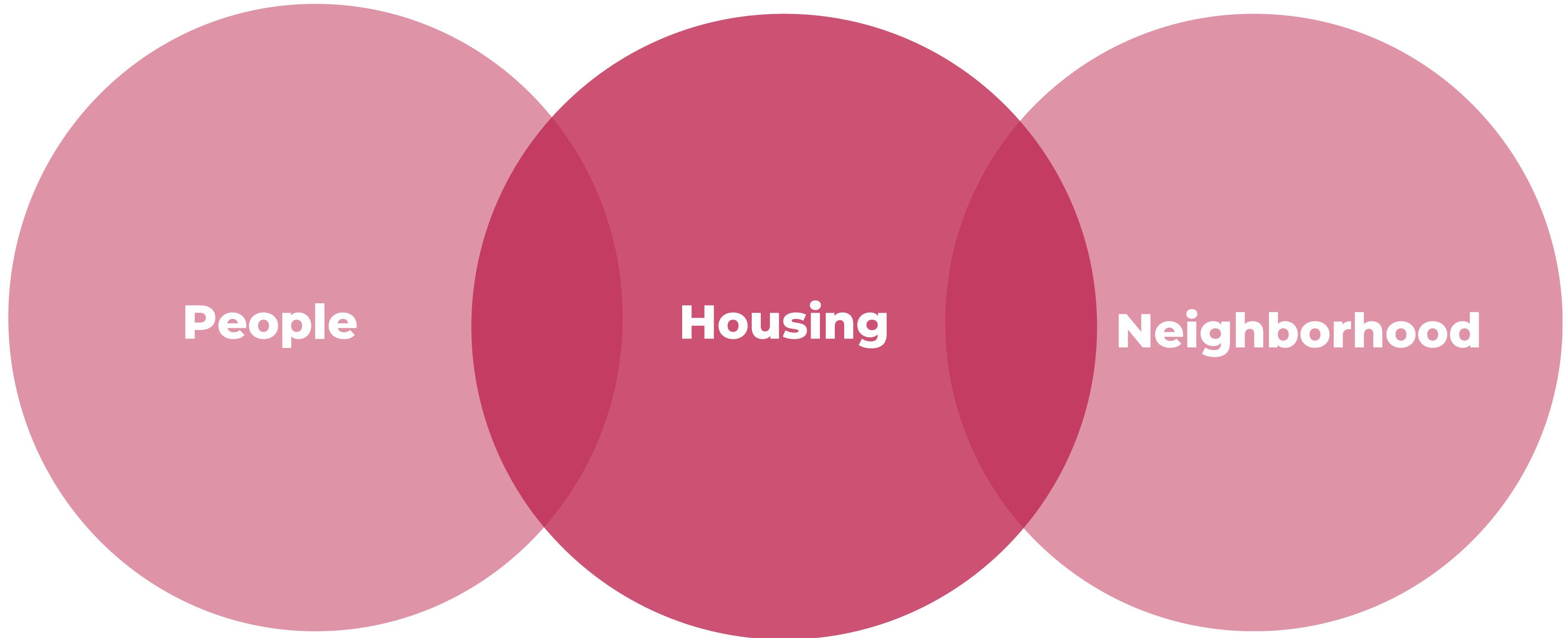
**Built in 1941, Pembroke was last remodeled almost 30 years ago.**

**Each of the 196-units must be replaced.**

**Choice calls for a mixed-income new development. It is projected to include 400 to 600 total units.**



# Robust Community Planning







# **Choice Transformation Plan**

**Will detail the type, number and location of new housing units.**

**Housing will be a mix of public and workforce housing, market-rate apartments and homes for sale to low- and moderate-income households.**

**Development costs should be subsidized to ensure prices are affordable to households earning less than 80% of AMI.**

**Can be combined with existing down payment and closing cost assistance.**

# Larimer/ East Liberty Choice



\$30M Choice Implementation award to build 334 new, green housing units.

Funding helps create better connectivity to surrounding Pittsburgh and create innovative stormwater management to remove barriers.

Provided homeowner grants to complete 90 housing rehab projects.

Targeted infill development on vacant lots.

# Gain site control of vacant land

Choice requires a one-for-one replacement of every unit and mixed-income development.

We will need more land.

Create an inventory of available land with partners.

City, BHA or a Community Housing Development Organization may acquire the land.





**Protect tenants at-risk of displacement and increase the supply of deeply affordable units**

“

**The most affordable  
house is the one someone  
is living in right now**

Karen Black

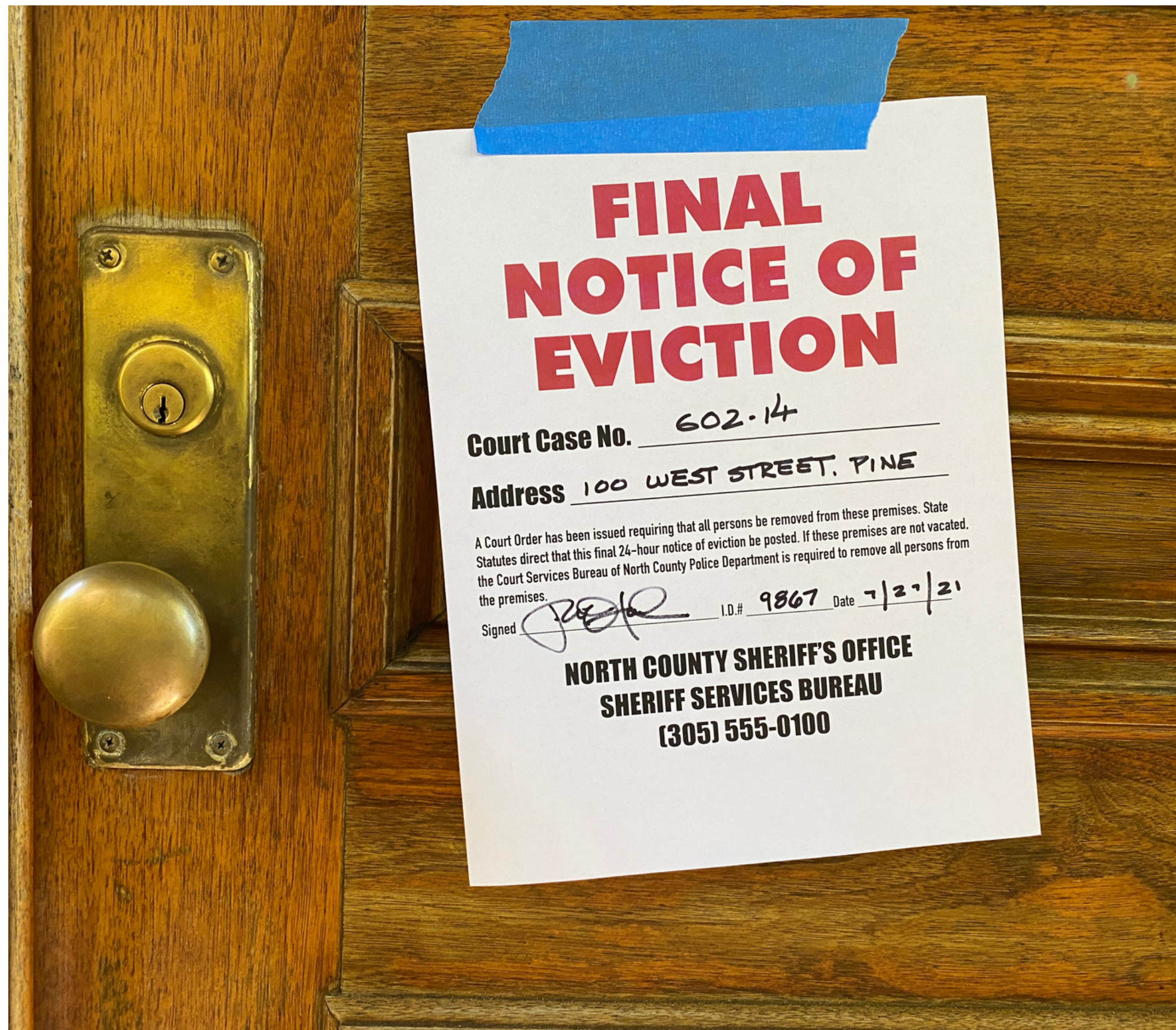
**70% of our 1,374  
low-income  
homeowners  
households are  
cost burdened.**

**1955** = median age housing stock in Bethlehem

**1964** = median age housing stock in all of Pennsylvania

**To meet this need**





# Implement Eviction Prevention and Rental Assistance

Partner with New  
Bethany and North  
Penn Legal Services  
to provide court  
representation and  
rental funding

# Prioritize Deeply Affordable Units Within All Programs



**Every \$100 increase in the median rents corresponds with a 9% increase in homelessness.**



# ADVOCATE

## LIMITED ABILITY TO

- MANDATE AFFORDABLE HOUSING DEVELOPMENT
- STOP LANDLORDS FROM RAISING RENTS
- REQUIRE LANDLORDS TO PARTICIPATE IN MEDIATION PROCEEDINGS BEFORE EVICTION
- DEMAND THAT TOWNSHIPS AND SUBURBS PERMIT MULTI-FAMILY HOUSING DEVELOPMENT

## APPROACH

- STATE-LEVEL ADVOCACY AND LOBBYING
- REGIONAL HOUSING PLANNING



**Zoning updates for  
infill affordable  
housing**

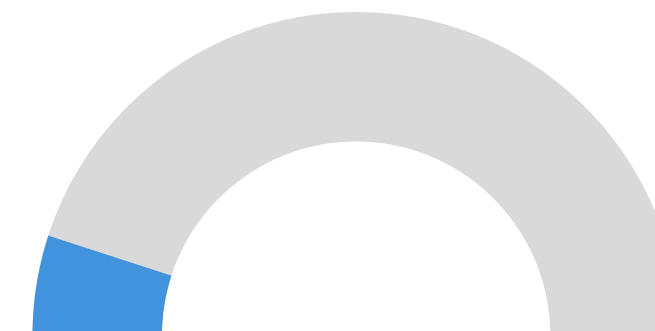
**Landlord Incentive  
Program**



**Eviction prevention  
and rental assistance**



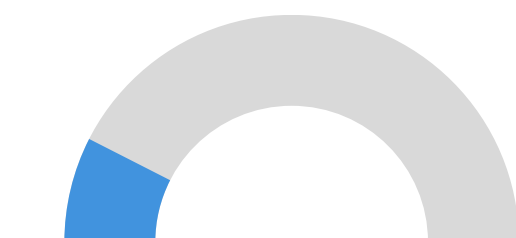
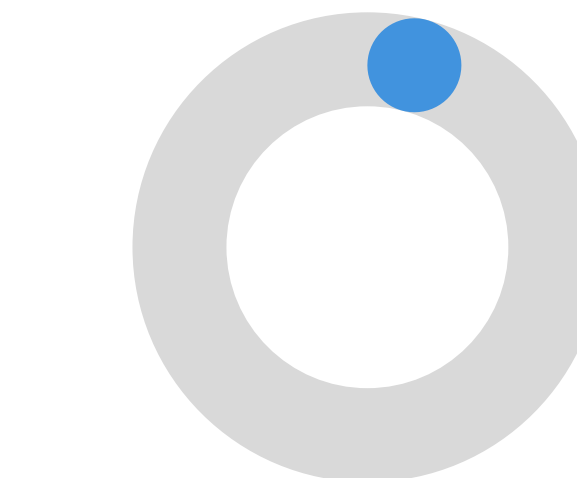
**Regional  
Housing  
Planning**



**Accessory Dwelling  
Unit pilot program**



**Choice Neighborhoods  
Transformation Plan**



**Affordable rental  
housing construction  
program**

**Gain site control of  
vacant land and  
buildings**



**Increase supply of deeply  
affordable rentals**


**State Advocacy**

## Implementation Timeline

The strategies and key activities described in the previous section will follow the following implementation timeline:

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

# Where we are today



**Continuation of  
homelessness and  
AH services**



**Significant  
Financial  
Resources**




**Housing crisis  
data from  
citizens**




**Vulnerable  
population  
services  
mapping**



**Market specific  
affordable housing  
strategies**



**Opening Doors  
Implementation  
Plan**



**Immediate Progress  
on Opening Doors  
Implementation Plan**



**A permanent  
structure of  
community partners**



Opening



Doors

**Part 2: Building Housing  
Stability in Bethlehem**