

Affordable Housing Policy Recommendations

of the

Bi-County Affordable Housing Policy Advisory Committee (Lehigh and Northampton Counties)

Adopted May 17, 2007

Objective

To develop a process to reinvest in neighborhoods by creating, preserving, and enhancing affordable and accessible housing in Lehigh and Northampton Counties.

Background

On May 10, 2006, the Lehigh Valley Coalition on Affordable Housing (LVCoAH) convened a special meeting to discuss the region's housing crisis with Lehigh County Executive Don Cunningham, Northampton County Executive John Stoffa, and the directors of the region's housing authorities, community and economic development departments, redevelopment authorities, and non-profit housing agencies. In response, the two county executives issued a Bi-County Executive Order creating an ad-hoc Affordable Housing Policy Advisory (Attached). These recommendations will be advisory and will be used to help establish budget and policy decisions that the county executives present to their respective councils and board of commissioners.

The Affordable Housing Policy Advisory Committee met for the first time on May 17, 2006, to discuss housing issues, opportunities, and short-term housing strategies. Four sub-committees of the Affordable Housing Policy Advisory Committee were created to assist in the development of the regional strategy. Sub-committees include the Owner-Occupied Housing Committee, Rental Housing Committee, Finance Committee, and Land Use Planning Committee. The Affordable Housing Policy Advisory Committee consists of sub-committee chairs, county staff, and other key stakeholders. A complete list of committees is attached. Advisory Committee members include:

- Cindy Feinberg, Lehigh County Government
- Frank Kane, Lehigh County Government
- Lori Sywensky, Northampton County Government
- Dan Farrell, Allentown Housing Authority
(Chair, Rental Housing Committee)
- Michael N. Kaiser, Lehigh Valley Planning Commission
(Chair, Land Use Planning Committee)
- John Rohal, Bethlehem Redevelopment Authority
(Chair, Finance Committee)
- Karen Whitehill, Keystone Nazareth Bank and Trust
(Chair, Owner-Occupied Housing Committee)
- Alan Jennings, Community Action Committee of the Lehigh Valley
- Fred Bañuelos, Alliance for Building Communities
- Mark Mitman, NuNet, Inc.
- Mark Dambly, Pennrose Properties

The Owner-Occupied Housing Committee, Rental Housing Committee, Land Use Committee, and Finance Committee met for the first time during the week of June 19, 2006, and continued to meet approximately every two weeks from June 19, 2006, until the beginning of August, 2006. The sub-committees developed a Preliminary Work Plan that identifies housing issues and recommendations to address these issues.

The Affordable Housing Policy Advisory Committee met on August 17, 2006, and reviewed the Preliminary Work Plans developed by the sub-committees. This meeting was also attended by Michael J. Kearney, Vice President of Mullin and Lonergan Associates. Mullin and Lonergan Associates had entered into an agreement with the Lehigh Valley Planning Commission to conduct a Lehigh Valley Affordable Housing Needs Assessment. The purpose of this meeting was to discuss ways the Mullin and Lonergan assessment could benefit the development of the Bi-County Affordable Housing Policy recommendations. The Advisory Committee also met on September 11, 2006, and approved the Preliminary Affordable Housing Policy Recommendations. The Preliminary Recommendations were presented to Lehigh County Executive Don Cunningham and Northampton County Executive John Stoffa on September 27, 2006. The County Executives approved the preliminary recommendations. The sub-committees continued to meet over the next several months and completed the final recommendations on May 4, 2007, with the Advisory Committee approving the recommendations on May 7, 2007. On May 17, 2007, Northampton County Executive John Stoffa and Lehigh County Executive Don Cunningham approved the Bi-County Affordable Housing Policy Recommendations. A press conference was held on June 6, 2007, to release the plan to the public.

Strengths of the Region

The Lehigh Valley has many assets that are not always recognized. They include:

- Progressive local governments in the cities and counties.
- Financial institutions sensitive to community needs.
- Recent, significant creation of wealth in the region including appreciation of real estate values.
- Close proximity of the region to New York City (85 miles) and Philadelphia (70 miles).
- Diverse population.
- Strong community activism.

Affordable Housing Needs Identified By Committee Members

For purposes of this plan, affordable housing is defined as *“Dwelling units which require households at or below the county median income, as reported by HUD, to spend no more than 30% of gross household income towards housing costs. Housing costs defined for renter housing includes net rent plus utilities. Housing costs for homeowner households includes principal, interest, taxes, and insurance (PITI).”*

Committee members identified four critical challenges that impact the development and preservation of affordable housing – market forces, land use barriers, financial challenges, and issues that affect non-profit housing developers and organizations.

Market Challenges

- Rapidly rising real estate costs, development costs, and energy costs. In-migration is driving demand.
- Limited, vacant, developable, affordable, land.

- Aging housing stock that increases rehabilitation costs for developers and consumers.
- Affordable housing concentrated in the three major cities and the older boroughs.
- Increasing tax burdens, foreclosures, and predatory lending.
- Limited financial resources of low-income and moderate-income consumers affect housing choice; housing options are extremely limited; and owner-occupied households are cost-burdened. Low-income and moderate-income consumers are forced to live in poor communities with struggling schools, limited transportation, and low-wage jobs.
- Demand for subsidized housing exceeds supply.

Land Use Challenges

- Growth continues to shift overwhelmingly to suburban townships and to an increasing degree in rural townships. To avoid sprawl, municipalities need to coordinate land use and infrastructure improvement policies, preserve farmland and important natural resources, and revitalize existing urban centers.
- Existence of excessive standards and improvements in some municipalities and excessive delays at both the local and state levels add to housing costs.
- There are no provisions to require development of affordable housing and there is a lack of incentives.
- The large number of general purpose governments (62) with no uniformity of land use ordinance complicates coordination and exacerbates growth patterns.
- Lack of sensitivity by municipal officials to issue of affordable housing.
- To date, the needs of lower income persons have not been adequately addressed in the housing market. Means are needed of encouraging developers to address affordable housing issues in the region.

Financial Challenges

- Limited financial resources available to develop and preserve affordable housing.
- Lack of knowledge of available financial resources.
- Lack of coordination of financial resources.
- Underutilization of financial resources.
- Market gap between income and cost of housing.

Non-profit Challenges

- Limited capacity of non-profits and limited involvement of private developers.
- Increasing operational costs of housing programs are disincentives to develop and retain affordable housing.
- Decreasing government subsidies available to develop affordable housing.
- Lack of current data on the availability, variety, and location of affordable and accessible housing.
- Lack of resources available to low-income renters and homeowners; i.e. funds for housing rehab, post-purchase maintenance, deposits, etc.
- Lack of knowledge and current data about needs, resources, and best practice models.

Affordable Housing Policy Recommendations

The Affordable Housing Policy Advisory Committee issues the following recommendations to reinvest in neighborhoods by creating, preserving, and enhancing affordable and accessible housing in Lehigh and Northampton counties:

1. Create a permanent bi-county advisory committee that will be responsible for providing oversight for the implementation of the 2007 bi-county affordable housing plan; developing an on-going comprehensive strategy that includes quantitative and measurable goals for the development of affordable and accessible housing; developing housing policy; implementing new housing initiatives; coordinating an on-going partnership of non-profits/lenders/developers/realtors/ government entities that includes sharing of information and networking; coordinating housing projects to leverage additional funding from PHFA, FHLB, DCED, etc.; and coordinating and evaluating all housing activities. This bi-county advisory committee shall meet no less than four times per year. Activities should include a valley-wide housing summit and an annual report of progress in creating, preserving, and enhancing affordable and accessible housing.
2. Create a housing coordinator position whose responsibility is to work with the bi-county advisory committee in the development and implementation of a comprehensive strategy for the development of affordable and accessible housing.
3. Encourage the formation of private/public partnerships (lenders, developers, real estate agencies, and nonprofits) to increase housing development opportunities.
4. Develop a comprehensive financing strategy that identifies and coordinates resources, leverages funds, accesses funds not utilized, and develops innovative funding. The financing strategy should include the consideration of bond financing as a funding option. The strategy should include funds for the creation, preservation, and rehabilitation of affordable housing, as well as funds for consumers with limited financial resources.
 - Establish policy guidelines for the administration, distribution, and investment of Act 137 funding. Guidelines should reflect the recommendations established in the Lehigh Valley Affordable Housing Assessment [April 4, 2007] developed by the Lehigh Valley Planning Commission. It is also recommended that the process for development of guidelines should be transparent with limited restrictions. Application for funds should be a clearly-defined competitive process with established due dates and a clear RFP process. Guidelines should also address the need for special needs housing. Consider supplementing the Affordable Housing Trust Fund with other revenue sources, as long as these sources do not add more stringent criteria in order to apply for ACT 137 funds. Consider allocating a greater percentage of ACT 137 funding to larger, high impact projects, selecting projects that address critical affordable housing needs, both owner-occupied and rental.
 - Educate and inform owners of tax credit developments and county assessors about Act 39 of 2003 (HB 1854), a new law that instructs assessors to consider rent restrictions, affordability restrictions, and the income approach to value rather than comparable sales approach to value, when assessing affordable housing developments.

- Investigate the feasibility of creating county housing trust fund bonds.
 - Fannie Mae has expressed an interest in leveraging the available financial resources, via direct investment in public entities and partnerships with the banking community, for the establishment of those financing mechanisms noted here including predevelopment, rehabilitation and new construction loan funds. Proceeds from Fannie Mae's Community Express® loan product can be used by the counties, or other public entities, for housing related purposes including predevelopment, acquisition, development, construction or rehabilitation as well as re-lending for housing purposes and would allow the counties to leverage other public/private funding sources. Fannie Mae is also interested in discussing the debt and equity needs of developers for specific single-family, multifamily and mixed-use projects.
 - Place the administrative responsibilities of the new urban county CDBG program and the Act 137 Housing Trust Fund in the responsibility of one department. One common application should be developed in order to streamline application for funds.
 - Affordable housing should become a priority of the new urban county CDBG program in both Lehigh and Northampton Counties.
 - Establish a mechanism to provide pre-development financing to nonprofit affordable housing developers. This could involve the establishment of a revolving loan fund to provide pre-development financing for non-profit developers to increase the capacity of these entities. Each county could create a “predevelopment” loan program to assist non-profit developers/renovators with funding for upfront costs (engineering, architect, environmental, filing fees, permits, feasibility and market studies), which would be repaid after the project is funded.
 - Counties should encourage municipalities to consider a “streamlined” approach to obtain permits and funding for affordable housing projects.
 - Investigate the legality of a minimum residency requirements for the awarding of local grant program funding to non-Lehigh Valley residents. Whenever possible, Lehigh Valley residents should be given priority status for the use of Housing Trust Funds.
 - Consider implementing a Housing Rehabilitation Loan fund to provide low interest loans to eligible borrowers in order to provide decent, safe, and affordable housing. Create a pool of available funds for housing rehab at below market rates. Funding for this pool could be created by a tax-exempt mortgage revenue bond offer. This would also create a CRA investment opportunity for local banks. This fund should be used to facilitate targeted, neighborhood-wide revitalization initiatives that would have greater impact. This strategy will also have a positive influence on private investment, as it will show a willingness on the part of homeowners to maintain their older homes in good repair.
5. Promote land use, zoning regulations, and incentives that encourage the development of affordable and accessible housing.

- Develop model inclusionary housing ordinance. This ordinance could provide financial and other incentives to developers in exchange for the provision of a percentage of housing units set aside for households with incomes at or below 80% of the area median income.
- Encourage municipal officials to revise their local zoning ordinances to reflect more opportunities for affordable housing development. Using cost-benefit analyses, illustrate how family housing and clustered single family developments can be more cost-effective to local elected officials. Encourage local units of government to revise their ordinances that are consistent with the Lehigh Valley Comprehensive Plan.
- Conduct workshops with local government planners and builders. The workshop should define the affordable housing challenges facing the Lehigh Valley, sensitize participants to affordable housing issues and solutions, and provide information on best practices.
- Use the designated Urban Areas as incentives for affordable housing project applications. These geographic locations include areas where infrastructure already exists or could be expanded most effectively, prevents further sprawl, and preserves open space and agricultural areas.
- Provide relief from impact fees to developers who build affordable housing units but encourage their use to the maximum extent possible on market rate housing. Consider providing relief to schools as well.
- Advocate amending the MPC to require Fair Share Housing. Work to amend the MPC to require all municipalities to provide the opportunity for their fair share of affordable housing units, including new family units, new elderly units, the adaptive re-use of underutilized building, homebuyer assistance, housing rehabilitation, and other creative mechanisms. Amending the MPC is a top priority of the Pennsylvania State Planning Board.
- Encourage land use policies that diversify the affordable housing stock in the Valley to address needs of smaller families, people with disabilities needing supportive housing, and seniors; encourage multi-use, residential development in commercial structures in business zones; and encourage village style/mixed use development. Village centers will contain a mix of stores, restaurants, professional offices that would be appropriate settings for low to moderate-income housing at an increased density.
- Investigate the feasibility of adopting building codes that facilitate the rehabilitation of existing homes. (In many communities, older homes undergoing moderate levels of rehabilitation must also include additional renovations to bring them into compliance with current building standards that increase significantly the cost of rehab. Many communities have adopted a model rehabilitation code by the International Code Council).
- Investigate the development of an “Affordable Housing Legal Defense Fund” that would provide legal support for efforts to challenge ordinances that prevent affordable housing development.

6. Preserve and develop affordable and accessible owner-occupied housing units.
 - Make publicly owned land available for affordable homes. Identify publicly owned land that is either vacant or underutilized and facilitate the development or redevelopment of these properties for affordable homes.
 - Facilitate the reuse of abandoned, vacant, and tax-delinquent properties. Acquire properties through foreclosure on tax liens, purchase, or where appropriate, eminent domain for reuse as affordable homes.
 - Encourage and support the optimum use of existing housing stock, existing neighborhoods, and existing structures for residential use in meeting housing needs, including rehabilitation of historic buildings for housing.
 - Counties should support the adoption of building codes that facilitate the rehabilitation of existing homes. (In many communities, older homes undergoing moderate levels of rehabilitation must also include additional renovations to bring them into compliance with current building standards that increase significantly the cost of rehab. Many communities have adopted a model rehabilitation code by the International Code Council).
 - Investigate the use of Pennsylvania Housing Finance Agency (PHFA) reserves to assure that these reserves are used for affordable homes.
 - Pursue and leverage the development of additional Employer Assisted Housing Programs for both county employees and private industry. Convene a group to develop approaches to assist employees in securing affordable housing either through down payment assistance for home ownership or through rental programs that are assisted. Examples include: employers providing employee benefit programs to offset the costs of homes; assist employees in finding affordable homes; funding the development of affordable homes; advocating for the appropriation of funds for affordable homes; supporting applications for zoning variances and other necessary approvals to facilitate the construction of affordable homes; employer-assisted housing programs; and taking a leadership role in the community to increase the supply of affordable homes.
7. Preserve and develop affordable and accessible rental housing units.
 - Prioritize the preservation of rental units financed through the Low Income Housing Tax Credits that may be converted to market rate housing. By the end of 2007, approximately one-third of the region's current tax-credit financed rental units (680) will have completed their 15-year affordability commitment. As a result, nearly 700 income-restricted units would become eligible for conversion to market rate apartments in 2008. Between 2008 and 2012, approximately another 500 units would also become eligible for conversion with very limited new production coming online to take their place. Identification of units at risk needs to be undertaken as soon as possible, followed by a strategy to preserve these units.

- Develop a method to track ownership of rental properties and vacant units, collect data on the condition of rental properties, establish criteria that identifies the tipping point for healthy communities, and develop an action plan that addresses these issues.
 - Establish a pool of funds that would provide resources to financially distressed renters who are having difficulty affording deposits, first/last month's rent, emergency rental assistance, and purchasing necessary amenities such as refrigerators, etc.
 - Support the committee established to assess the feasibility of developing a comprehensive, regional waiting list for Section 8 and public housing.
 - Establish clear benchmarks for the creation of affordable rental housing. Consider the use of the model developed for the state of Illinois, Public Act 093-0595.
 - Pursue the feasibility of developing a mechanism or product that assists rental property owners to modernize their properties and provide capital for larger rehabilitation projects that help maintain the supply of affordable rental homes. (Some cities have established incentives such as abatements on property taxes to encourage owners of these properties to reinvest in their properties. It is recommended that these incentives be specific).
8. Review opportunities for land banking to address foreclosures, using Genessee County, Michigan, as a potential model.
9. A successful housing strategy must also include education, advocacy, and efforts that address other community concerns that impact housing and the quality of life in the region.
- Develop and implement a strategy to increase understanding of and support for affordable housing from the public, lenders, developers, builders, planners, realtors, and elected officials. Insist on excellent design of affordable homes, both to ensure that they remain durable assets for the residents and the community, and to minimize public opposition. Develop a public information program to explain the need and benefits of affordable housing and build support for actions needed to develop and preserve affordable housing. Campaign should promote living in urban areas and dispel myths about urban areas, affordable housing, persons with developmental disabilities, and persons with special needs.
 - Support existing programs and advocate for new programs and services that educate and increase skills related to savings, budgeting, pre-purchase and post-purchase counseling, financial literacy program, family savings account programs, predatory lending programs, consumer credit counseling, earned income tax credits, nutrition assistance, and free tax preparation.
 - Develop and implement a campaign of consumer education that informs consumers about full range of services.

- Quality of schools is of paramount importance as housing sales have been most active in the urban school districts. Emphasis on education and academic quality is needed to attract buyers to these urban locations and stem the migration to the townships/suburbs. Support regional efforts to address the issue of school equity.
 - Support area workforce development entities to increase their capacity to train low income workers for higher paying jobs. In addition, a higher skilled workforce will attract additional employers to the area.
 - Promote transit and transit-oriented development, improve accessible transportation, and support increased transportation options. The goal of transportation improvements should be to connect high-quality jobs, residents, and affordable housing with accessible transportation routes.
 - Support advocacy efforts for the creation of national housing trust fund legislation, increased funding for Section 8 and CDBG, passage of an increase in the federal minimum wage, stronger predatory lending laws, access to health care, and access to child care.
10. Create a mechanism (web site) that provides an accurate, up-to-date clearinghouse for all affordable, accessible, and assisted housing information – a one-stop shop for data, GIS mapping, information, resources, best practices, financing, referrals, etc. Create a shared database of housing units that are underutilized, have experienced code violations, and/or sought rehab loans from a local home repair program. Inventory potentially suitable sites of inactive/abandoned housing or nonresidential properties for adaptive reuse as affordable housing. Create and maintain a user-friendly database of all financing mechanisms to maintain and create affordable housing. Establish a resource of successful projects for the preservation and development of affordable rental housing.

Bi-County Affordable Housing Policy Advisory Committees

Policy Advisory Committee

Fred Bañuelos, *Alliance for Building Communities*
Mark Dambly, *Pennrose Properties*
Daniel R. Farrell, *Allentown Housing Authority*
Cindy Feinberg, *Lehigh County Government Center*
Alan L. Jennings, *Community Action Committee of the Lehigh Valley*
Michael Kaiser, *Lehigh Valley Planning Commission*
Frank Kane, *Lehigh County Government Center*
John Kingsley, *Northampton County Government Center*
John D. Rohal, *Bethlehem Redevelopment Authority*
Lori Sywensky, *Northampton County Government Center*
Karen Whitehill, *Keystone Nazareth Bank and Trust*

Finance Committee

John D. Rohal, Chair, *Bethlehem Redevelopment Authority*
Christopher Bennick, *Habitat for Humanity of the Lehigh Valley*
Ed Carlin, *Fannie Mae Northeastern & Central PA Partnership*
Ryan Conrad, *Lehigh Valley Association of Realtors*
Cindy Feinberg, *Lehigh County Government Center*
Tony Hanna, *City of Bethlehem, Dept. of Community & Economic Development*
Elizabeth Hersh, *Housing Alliance of Pennsylvania*
Frank Kane, *Lehigh County Government Center*
John Kingsley, *Northampton County Government Center*
Sharol Lilly Weaver, *Community Action Committee of the Lehigh Valley*
Shannon McDonough, *Lehigh County Government Center*
Joseph Schupp, *Sovereign Bank*
Peter Snik, *Lafayette Ambassador Bank*
Lori Sywensky, *Northampton County Government Center*

Land Use Committee

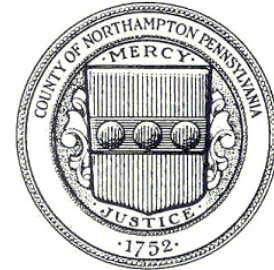
Michael Kaiser, Chair, *Lehigh Valley Planning Commission*
Christopher Bennick, *Habitat for Humanity of the Lehigh Valley*
David Dunbar
Cindy Feinberg, *Lehigh County Government Center*
Michael Hefele, *City of Allentown, Bureau of Planning & Zoning*
Darlene Heller, *City of Bethlehem, Bureau of Planning*
Alan L. Jennings, *Community Action Committee of the Lehigh Valley*
Howard Kutzler, *Bethlehem Township*
Sharol Lilly Weaver, *Community Action Committee of the Lehigh Valley*
Mark Mitman
Gene Pambianchi, *Easton Housing Authority*
Karen Pooley, *Alliance for Building Communities*
Lori Sywensky, *Northampton County Government Center*
Olev Taremäe, *Lehigh Valley Planning Commission*
Bob Wittman, *Housing Association & Development Corporation*

Owner Occupied Housing Committee

Karen Whitehill, Chair, *Keystone Nazareth Bank & Trust*
Heidi K. Baer, *City of Allentown*
Christopher Bennick, *Habitat for Humanity of the Lehigh Valley*
David Evans, *Housing Association & Development Corporation*
Cindy Feinberg, *Lehigh County Government Center*
Janis Geist, *Alliance for Building Communities*
Lauren Giguere, *City of Allentown, Department of Community & Economic Development*
David Hoffman
Carol A. Jurchenko, *Neighborhood Housing Services of the Lehigh Valley*
Sharol Lilly Weaver, *Community Action Committee of the Lehigh Valley*
Woody Maxon, *VIA of the Lehigh Valley*
Alicia R. Orbin, *United Way of the Greater Lehigh Valley*
Peter Ramos, *Ramos Realty*
Michael Rosenfeld, *Allentown Redevelopment Authority*
Lori Sywensky, *Northampton County Government Center*
Irene C. Woodward, *City of Bethlehem, Bureau of Planning*

Rental Housing Committee

Daniel R. Farrell, Chair, *Allentown Housing Authority*
Colleen Altimare, *Northampton County Housing Authority*
Fred Bañuelos, *Alliance for Building Communities*
Daniel Beers, *Lehigh County Housing Authority*
Cindy Feinberg, *Lehigh County Government Center*
Lauren Giguere, *Allentown Department of Community & Economic Development*
Eugene Gonzalez, *Bethlehem Housing Authority*
Carol A. Jurchenko, *Neighborhood Housing Services of the Lehigh Valley*
Frank Kane, *Lehigh County Government Center*
Kathleen Kelly, *Northampton County MH/MR*
Lynn Kovich, *Lehigh County Government Center*
Sharol Lilly Weaver, *Community Action Committee of the Lehigh Valley*
Deanne Malacsics, *Lehigh County Conference of Churches*
Gary F. Millspaugh, *Allentown Rescue Mission*
Peter Snik, *Lafayette Ambassador Bank*
Lori Sywensky, *Northampton County Government Center*
Bob Wittman, *Housing Association & Development Corporation*



May 12, 2006

Bi-County Executive Order: Creation of Affordable Housing Policy Advisory Committee Lehigh and Northampton Counties

In the interest of developing regional strategies and solutions on critical issues in the Lehigh Valley, the Lehigh and Northampton County Executives' Offices are creating with this executive order an ad-hoc Affordable Housing Policy Advisory Committee to help develop a regional strategy on affordable housing issues in the Lehigh Valley.

Most immediately, this ad-hoc advisory committee on affordable housing policy in the Lehigh Valley will provide specific recommendations to the County Executives on how best to leverage accumulated monies from affordable housing trust funds, federal, state and county sources to provide support for the creation of new affordable housing units and the maintenance of existing affordable housing for residents of the Lehigh Valley.

Over the long term, the ad-hoc advisory committee on affordable housing will work to identify trends, needs and problem areas in affordable housing as well as recommend alternatives and solutions to the county executives.

This committee will be comprised of no more than 20 members appointed by either one of the county executives. The committee is charged with making a preliminary set of recommendations to both executives by August 1, 2006 to allow for the inclusion of any recommendations in the executives' proposed 2007 budgets.

Appropriate management staff from both counties will serve on the committee. The committee will select a chairperson and will decide on any appropriate sub-committees. The committee should work with all appropriate existing agencies, governments, authorities and commissions in developing a series of regional affordable housing recommendations including the private sector.

A final series of recommendations should be delivered to both county executives by no later than December 31, 2006. The committee's recommendations will be advisory and help to establish budget and policy decisions that the county executives present to their respective councils and board of commissioners for final adoption.

Donald T. Cunningham, Jr.
Executive
Lehigh County

John Stoffa
Executive
Northampton County

ADDENDUM

Lehigh Valley: Demographic, Housing, and Employment Picture

Source: “An Affordable Housing Assessment of the Lehigh Valley, April, 2007”
Lehigh Valley Planning Commission

- In 2005, the Lehigh Valley had a population of 680,200 – 6.6 percent (42,000) more people than in 2000. This gain represents an accelerated rate of population growth compared to the 1990’s. Between 1990 and 2000, the metro area’s population grew at an annualized rate of 0.70 percent per year; between 2000 and 2005 that rate has increased to 1.29% per year. Household size is shrinking (2.56-2.54) and household composition is changing from traditional married-couple families to single-parent households and non-family households. Single parent households will have less income than married-couple households impacting their ability to house themselves.
- The Lehigh Valley saw its population become more diverse between 2000 and 2005. It experienced a 37 percent increase (31,000) in its minority population. Almost two-thirds of the increase in the Lehigh Valley’s minority population was due to gains in the Latino population that grew by 37 percent.
- The Lehigh Valley has experienced net in-migration every year between 1994 and 2005. Over 30,000 more people moved into the Valley than moved out between 1994 and 2005.
- Between 1990 and 2000, the Lehigh Valley’s cities, boroughs, and first-class townships all gained population. The trend continued between 2000 and 2005, but at a faster rate: the cities went from an annualized growth of 0.07 percent per year to 0.19; the boroughs went from 0.06 to 0.20 percent annual gains; and the first-class townships went from 0.91 percent per year in the 1990’s to 1.18 percent per year.
- Between 2000 and 2006, employment growth in the Lehigh Valley slowed to 0.91 percent per year, but this still outpaced the state’s 0.18 percent rate. Of the 18,100 jobs created in the Lehigh Valley since 2000, 15,600 were added between 2003 and 2006.
- The Lehigh Valley continues to lose manufacturing jobs: its 27 percent loss between 2000 and 2006 exceeded the states’ 22 percent drop. The region’s largest percentage gains were in educational and health services, wholesale trade, professional and business services, and trade, transportation, and utilities, with 19, 17, 16, and 14 percent increases respectively-exceeding the state’s performance in these industries.
- Households earning the median incomes in Lehigh County and Northampton County in 2006 could not afford to buy the median priced housing unit. The median income of \$48,957 (Lehigh County) and \$53,696 (Northampton County) was insufficient to pay 30% or less of the costs associated with a house costing \$189,000. (Households are cost burdened if they pay more than 30% of their income for housing). Households need to have a household income of at least \$58,431 in order to afford the median priced home of \$189,000. Approximately 114,166 households had incomes below median. In other words: 114,116 households (49% of the 235,000 households) could not afford the median priced home of \$189,000 in the Lehigh Valley.

- The majority of very low income households, both renters and homeowners, are cost burdened. In 2000, 66.2% of 26,348 very low income households that rented were cost burdened. In 2000, 60.7% of the 20,662 very low income households who were homeowners were cost burdened.
- The number of cost burdened very low income households who were renters increased from 14,743 in 1990 to 17,452 in 2000. The percentage of these households who were cost burdened decreased because of the large increase in the number of very low income households. The number and percentage of cost burdened, very low income households who were homeowners increased. The number of cost burdened, very low income homeowner households increased from 10,312 in 1990 to 12,550 in 2000. The percent of cost burdened households increased from 51.2% to 60.7%.
- Many low income households, both renters and homeowners, are cost burdened. In 2000, 25.9% of the 14,404 low income households that rented were cost burdened. In 2000, 35.3% of the 25,355 low income households who were homeowners were cost burdened.
- Some rapidly increasing occupations provide insufficient income for renting a one-bedroom apartment without being cost burdened. A one-income household where the wage earner was a retail salesperson, janitor or warehouse worker would be cost burdened if they wished to rent a one-bedroom apartment at the HUD fair market rent. Vital community occupations do not provide sufficient annual salary to afford the median sales price of \$189,000. In the Lehigh Valley, teachers who earn a starting salary of \$46,000, nurses who earn a starting salary of \$34,000, and police officers who earn a starting salary of \$44,300 cannot afford the median sales priced home. Total household income would be used to compute the amount of house a household could afford. In 2006, the median renter household income in Lehigh County was \$31,763 and in Northampton County was \$32,269. As a result, approximately 18,956 (50%) of Lehigh County renter households would be limited to a maximum sales price of \$85,000 or less; and approximately 12,8566 (48%) of Northampton County renter households would be limited to a maximum sales price of \$86,500 or less.
- The demand for subsidized housing exceeds the supply. The five public housing authorities have a total of 6,024 applicants on their waiting lists for Section 8 vouchers and public housing units. The overall public housing occupancy rate of 98% reflects a critical undersupply of affordable rental housing units.
- Development projects underway by public and private non-profit sectors will result in a reduction in the number of affordable housing units. Almost three-fourths of the 616 affordable housing units proposed or planned will actually reduce the number of affordable housing units. The Allentown and Easton HOPE VI projects will result in a permanent net loss of 43 affordable housing units. (While the two HOPE VI projects will also provide 591 Section 8 vouchers in addition to the new units planned for construction, the vouchers will not add new affordable housing units to the region's inventory).
- Existing affordable rental housing may be converted to market rate housing. Housing financed through with Low Income Housing Tax Credits is obligated to remain as affordable housing for a set period of time. After that period, the owners are able to rent the units at market rates. The obligations end for 688 units before the end of 2007. The

obligations will end for an additional 577 units between 2008 and 2012. Given current market conditions, owners have strong financial incentives to convert the units to market rents and thus terminate their affordability status.