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City Housing Needs Assessment and Strategic Plan

Bethlehem, PA

ATRIA PLANNING
Informed planning for better communities

COLLABO

Overview

1. Team Introductions

2. Study Overview

3. Summary of Housing Needs

4. Summary of Existing Housing Conditions

5. Community Engagement & Preliminary Housing Strategies

6. Next Steps

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Team Introductions

Reinvestment Fund is a mission-driven nonprofit organization that brings financial and analytical tools to partnerships that work to ensure that everyone has access to essential opportunities.

Atria Planning is a woman-owned business that specializes in housing needs assessments, affordable housing, community development and market analysis. We help organizations assess current conditions and future potential through research of demographic, financial, and physical characteristics.

COLLABO is a dynamic planning and urban design practice leading innovative and equitable neighborhood revitalization projects that generate positive results and improve the lives of local residents.

Housing Plan Goals

To develop a housing strategy that:

1. Is grounded in a data-informed understanding of housing needs and current market conditions - local, regional, and national market trends.

2. Factors in the economic, fiscal, and political realities that define the City's scope of action and influence in the housing market.

3. Will make the most progress for the most people possible given prevailing market conditions and City capacity.

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Study Overview

- Assess Housing Needs
  - Identify housing needs for Bethlehem residents with different incomes, race/ethnicity, tenure, age and household types
  - Project housing demand
- Assess Prevailing Market Conditions
  - Update the 2018 Market Value Analysis
  - Review Regulatory Policy & Development capacity
  - Identify Areas of Opportunity
- Gather Community Perspectives
- Identify Key Issues and Potential Strategies

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Housing Needs Assessment

Summary of Housing Needs

- Moderately priced rental housing (1 bedrooms less than $1,000; family units less than $1,500) for local workers
- Preservation of existing moderately priced rental units to mitigate displacement and potential homelessness of very low-income households
- Homeownership opportunities less than $200,000
- Rental assistance and home repair assistance to seniors on fixed incomes
- Transitional housing and low-rent units for homeless families and individuals combined with supportive services
- Land/buildings to increase the supply of rental housing

Housing in Context

- Recent surge in housing demand increasing rent prices in Lehigh Valley
  - Less expensive housing than New York – New Jersey – Philadelphia region
  - Working from home during and after Covid-19
  - More retirees as baby boomers
  - Would-be first-time homebuyers cannot access homeownership market
- Roughly 8,000 building permits issued in region 2019 – 2022 but 2/3 are single family and nearly all multi-family are market rate units
  - ~2% rental vacancy rate (6-8% considered 'healthy')
- Increase in costs (construction, shipping, labor, land) plus inflation make it challenging to build housing; developers meeting demand of middle and upper end of market
- Job growth and housing demand in the region will continue to increase
- Bethlehem, like other cities in region, has limited land for development – solutions require regional housing planning

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Supply & Demand Challenges

- Rental vacancy rate recently reported at less than 2% - a “crisis” in supply
  - (healthy rates between 6% and 8%)
- Increased demand spike in rent for all units; the “naturally” affordable rental units at the bottom of the market (apartments priced below $1,000 a month) are effectively gone
- Roughly 8,000 building permits issued in region 2019 – 2022 but construction takes longer due to material costs and labor shortages
  - 2/3 are single family and nearly all multi-family are market rate units.

	Median Rent Oct. 2022	Units Available
Studio	$1,168 - $1,290	6
1 Bedroom	$1,515 - $1,638	35
2 Bedroom	$1,870 - $1,924	34
3 Bedroom	$2,050 - $2,130	23

Source(s): Zillow Rental Market Report and Zumper Bethlehem Rental Market Report

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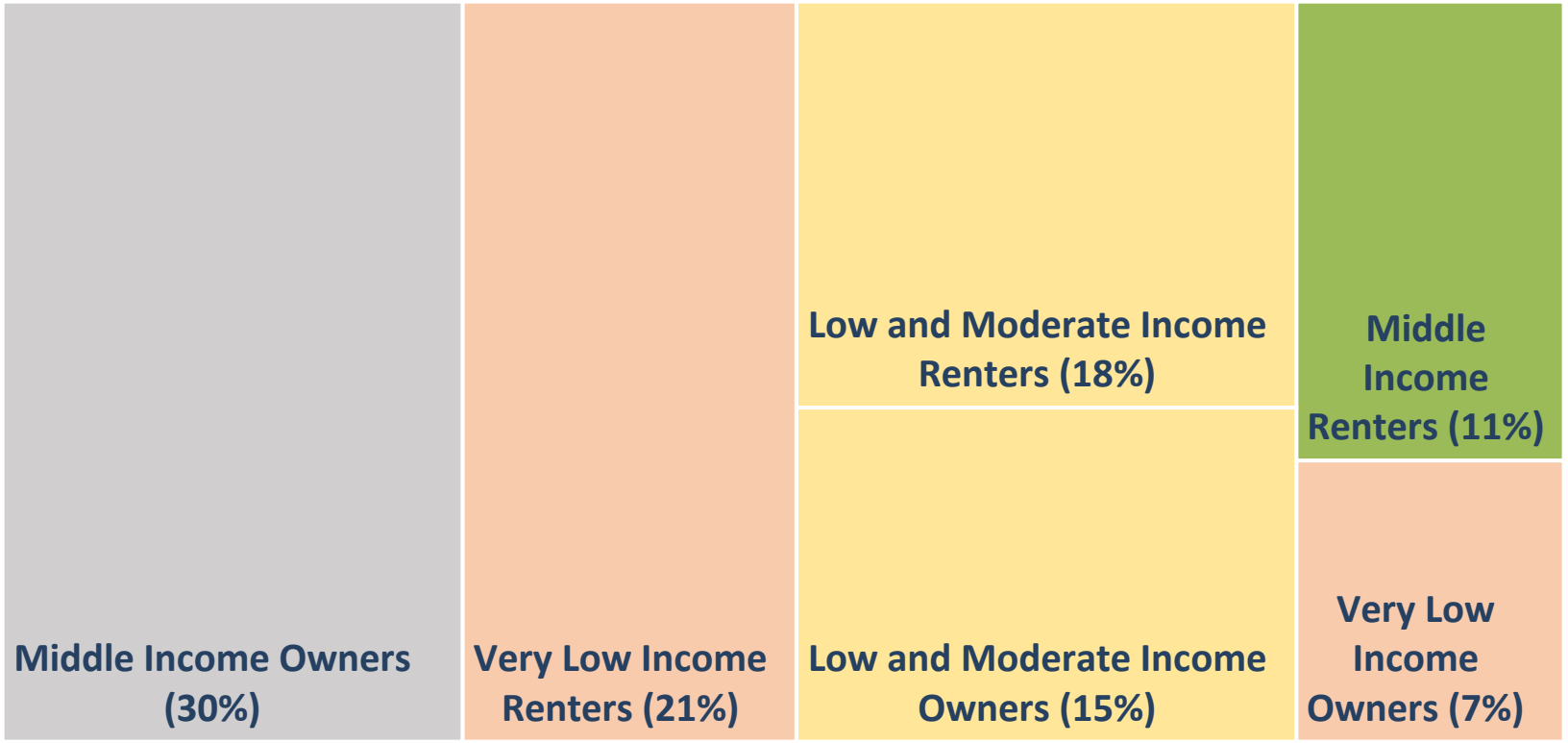
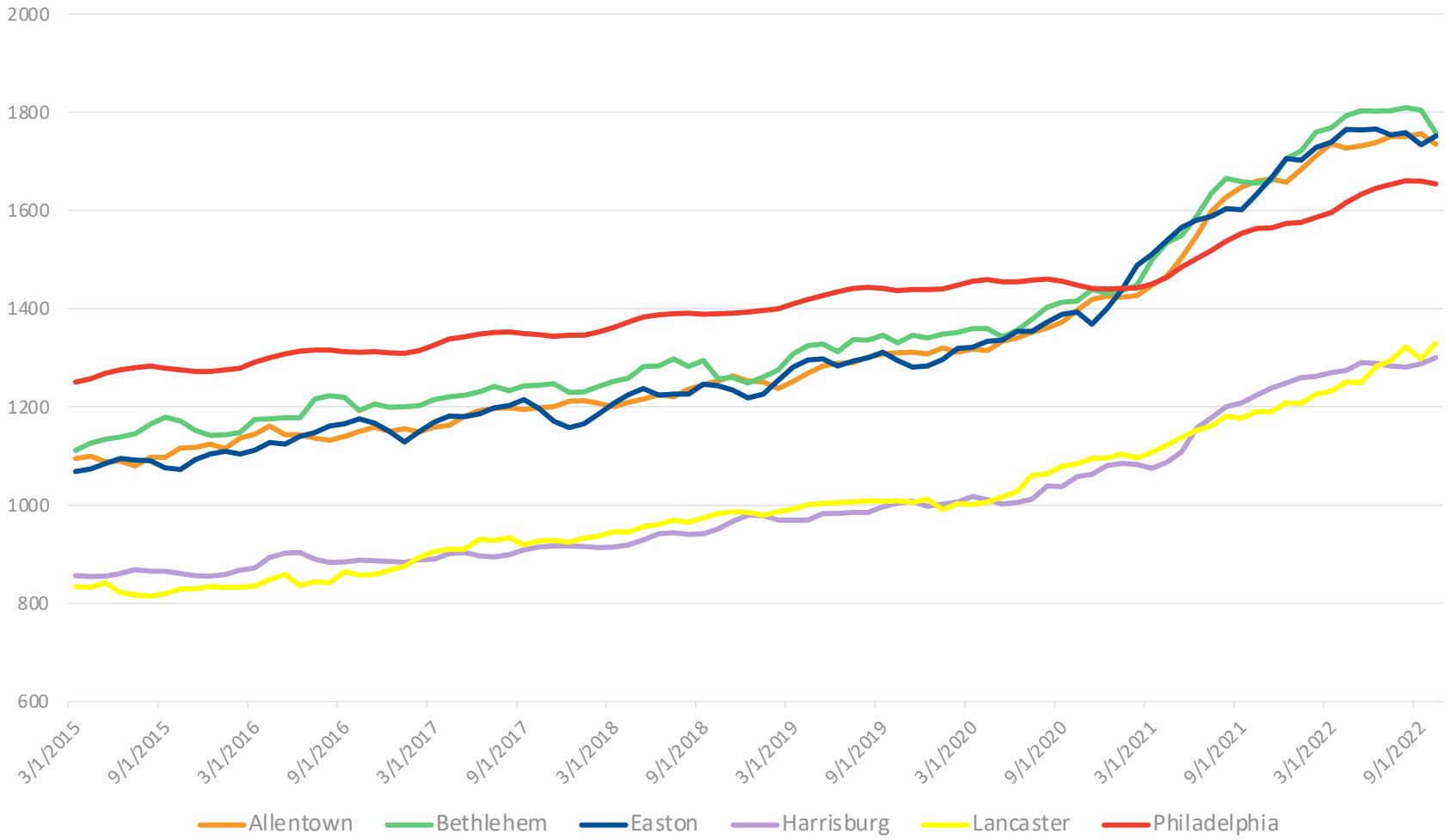
Income By Renter/Owner in Bethlehem

61% of Bethlehem's households are low and moderate income.



Source: HUD CHAS 2015 – 2019 retrieved August 2022

The Lehigh Valley is expensive, particularly for renters…



Source: Zillow Observed Rent Index: ZORI is a repeat-rent index that is weighted to the rental housing stock to ensure representativeness across the entire market, not just those homes currently listed for-rent. The index is dollar-denominated by computing the mean of listed rents that fall into the 40th to 60th percentile range for all homes and apartments.

Affordability by Occupation

Position	Monthly Housing Budget	How hard will it be to find an apartment affordable to them?
Cook	$567	Nearly Impossible
Cashier	$587	Nearly Impossible
Retail Salesperson	$705	Nearly Impossible
Packager	$758	Nearly Impossible
Bus Driver	$959	Very Challenging
Office Clerk	$946	Very Challenging
Social Worker	$1,217	Very Challenging
Paralegal	$1,226	Very Challenging
Mailperson	$1,357	Tough
Librarian	$1,532	Tough
Web Developer	$1,849	Doable
Nurse	$1,946	Doable

Source: U.S. Bureau of Economic Analysis Median Wage by Occupation, 2021

Homelessness & Those At Risk

- With virtually no supply of rental units priced less than $1,000, working families are at risk of homelessness
  - Bethlehem Area School District reported 414 homeless children registered in District
  - 53% increase in homeless families from 2020-2022

- Growing concern regarding rent increases for families who were renting “naturally affordable” apartments before pandemic.

- Ongoing needs for supportive services, emergency assistance, sheltering, and transitional housing

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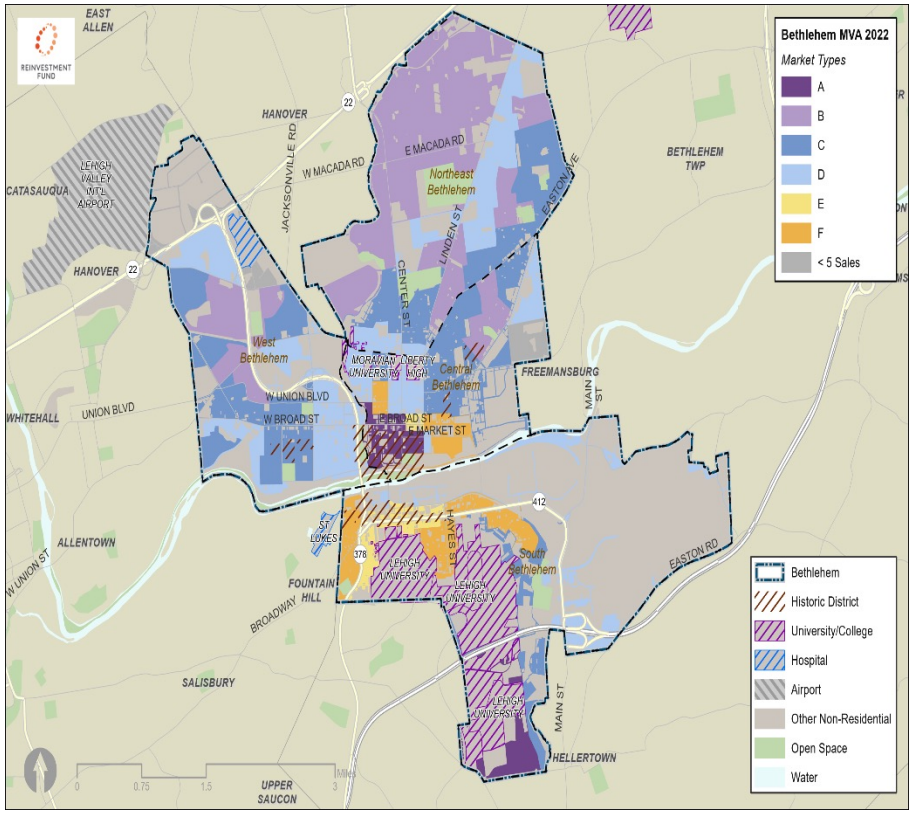
Understand Existing Conditions – Market Value Analysis

The Market Value Analysis

The **Market Value Analysis** (MVA) is a tool to help residents and policymakers identify and understand the elements of their local real estate markets. It is an objective, data-driven tool built on local administrative data and validated with local experts.

With an MVA, public officials and private actors can more precisely target intervention strategies in weak markets and support sustainable growth in stronger markets.



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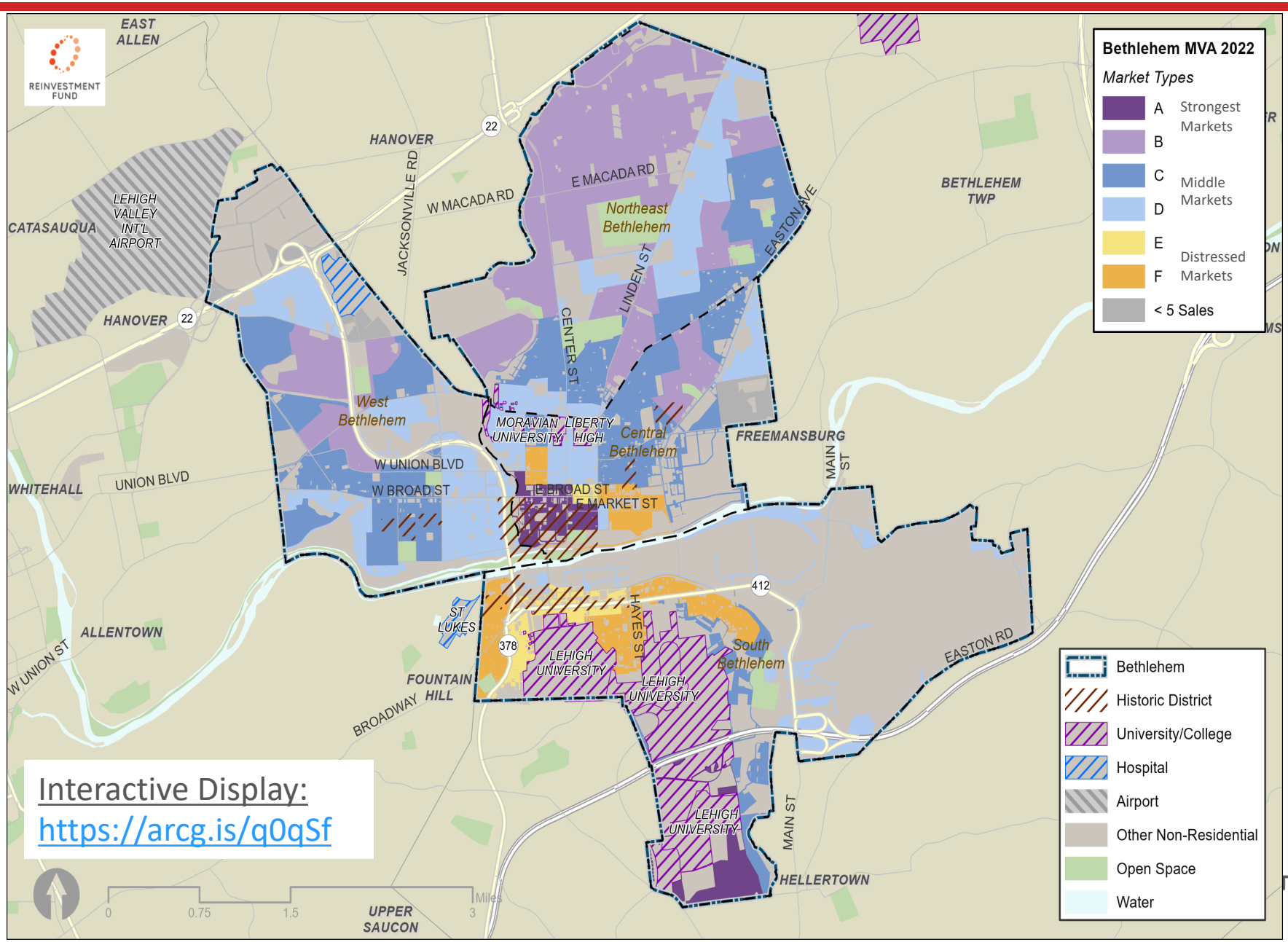
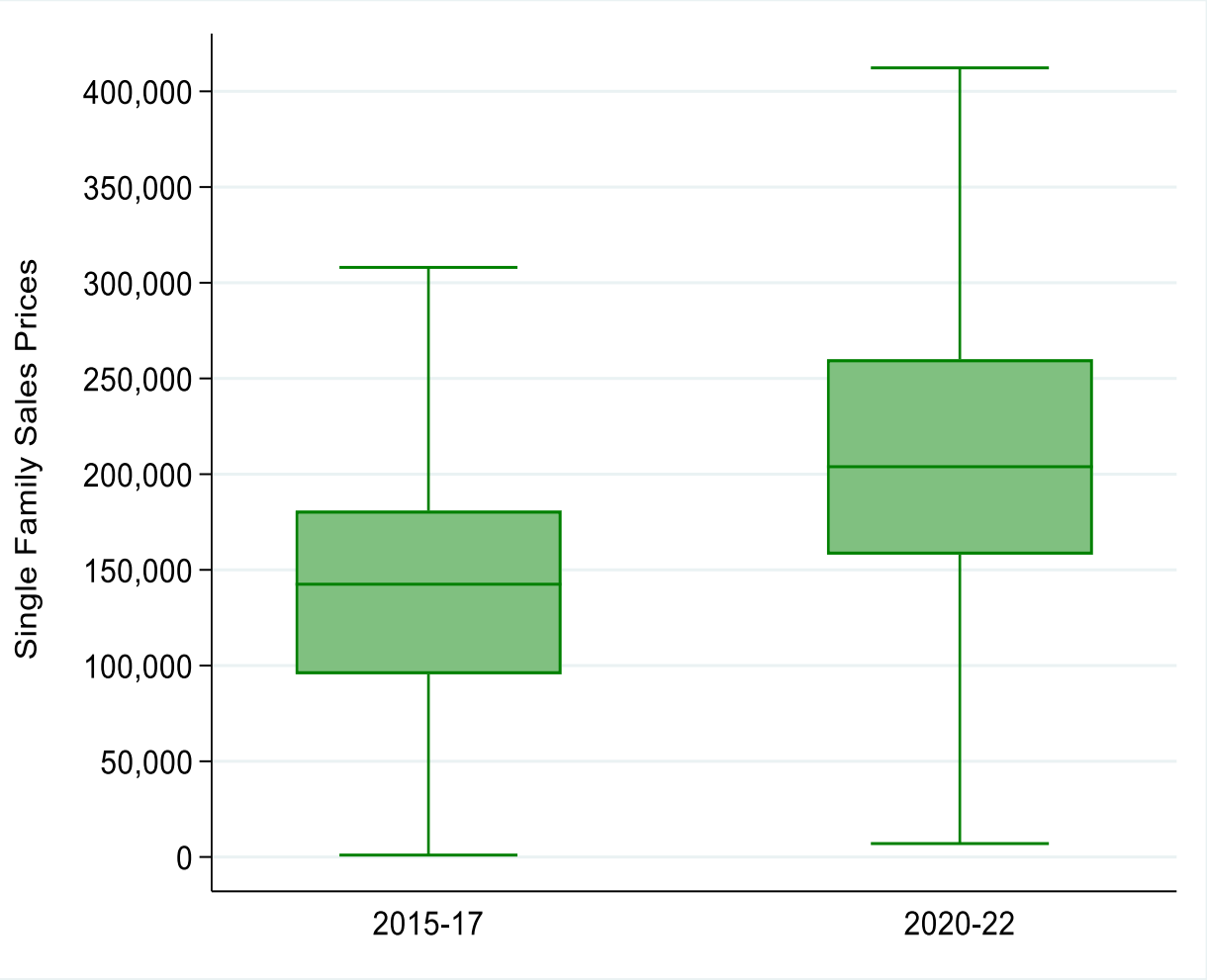
MVA Results


Bethlehem MVA 2022
Market Types
A Strongest Markets
B
C Middle Markets
D
E Distressed Markets
F
< 5 Sales
Bethlehem
Historic District
University/College
Hospital
Airport
Other Non-Residential
Open Space
Water
Interactive Display:
https://arcg.is/q0qSf
EAST ALLEN
HANOVER
LEHIGH VALLEY INT'L AIRPORT
CATASAUQUA
HANOVER
WHITEHALL
UNION BLVD
ALLENTOWN
W UNION ST
FOUNTAIN HILL
BROADWAY
UPPER SAUCON
HELLERTOWN
BETHLEHEM TWP
FREEMANSBURG
JACKSONVILLE RD
W MACADA RD
E MACADA RD
CENTER ST
LINDEN ST
EASTON AVE
MAIN ST
HAYES ST
EASTON RD
W UNION BLVD
W BROAD ST
E BROAD ST
E MARKET ST
Northeast Bethlehem
West Bethlehem
Central Bethlehem
South Bethlehem
MORAVIAN UNIVERSITY
LIBERTY HIGH
ST LUKES
LEHIGH UNIVERSITY
22
412
378
0
0.75
1.5
3
Miles

What's Really Changing in Bethlehem: Home Sales Prices



50% of all home sales are 'in the box'

In 2015-17 three quarters of homes in Bethlehem sold for less than $181,000

In 2020-22 three quarter of homes in Bethlehem sold for more than $158,000

Median Sales Price: $142,500

Median Sales Price: $203,866 (+43%)

National Median Sales Price in 2022: ~ $390,000

Figure Excludes Outlier Sales Values

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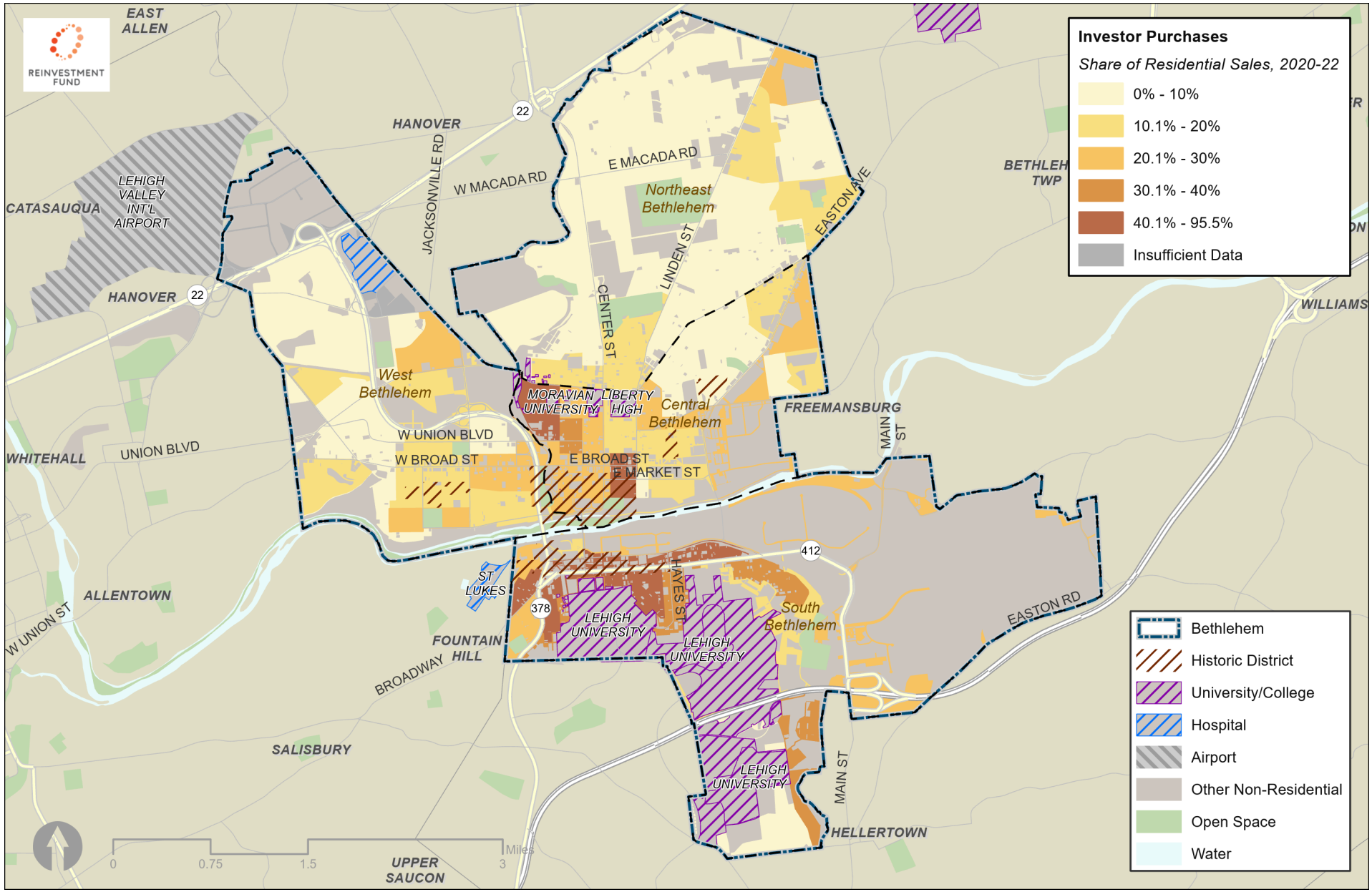
Investor Purchases of Single-Family Properties



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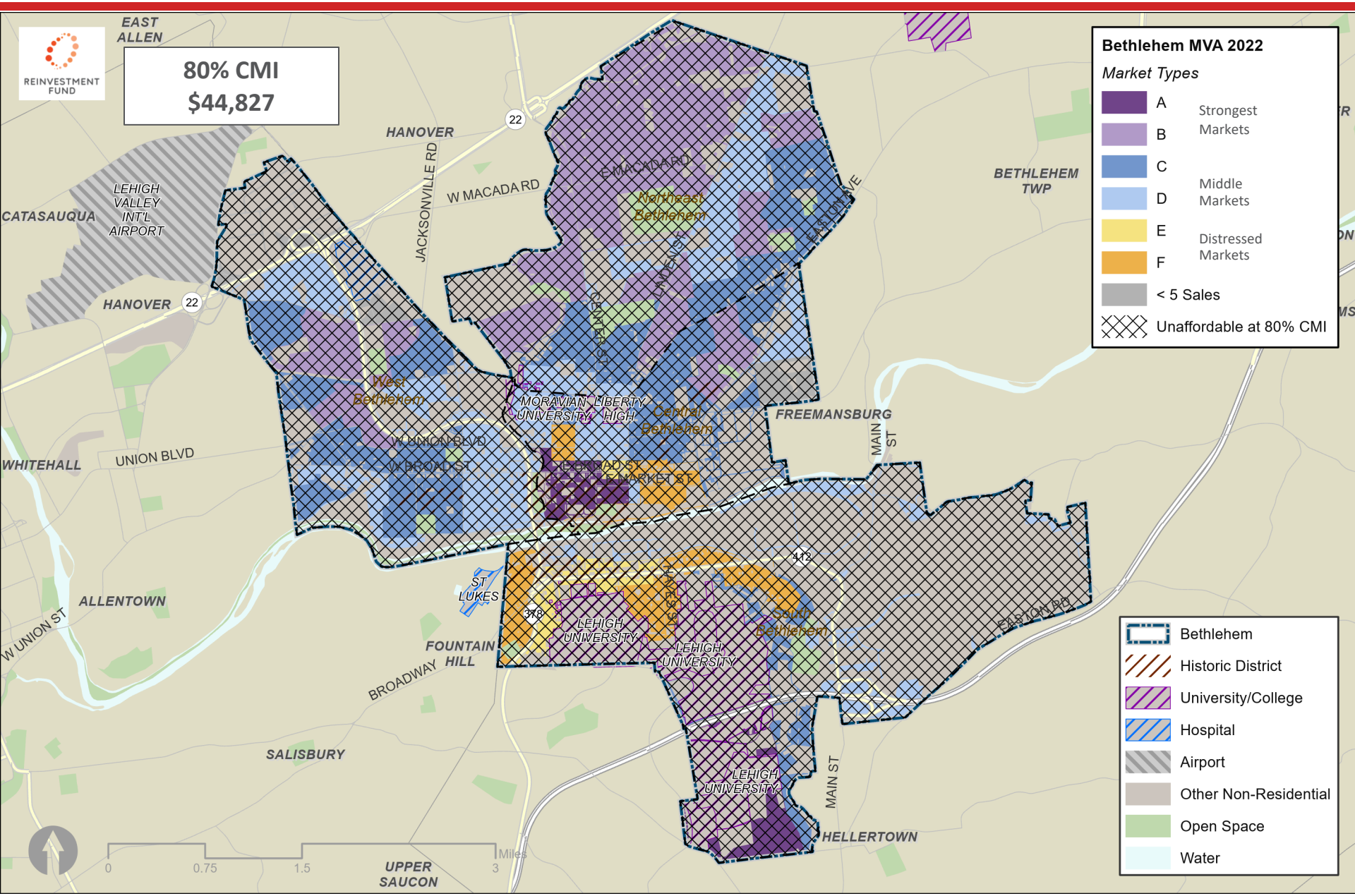
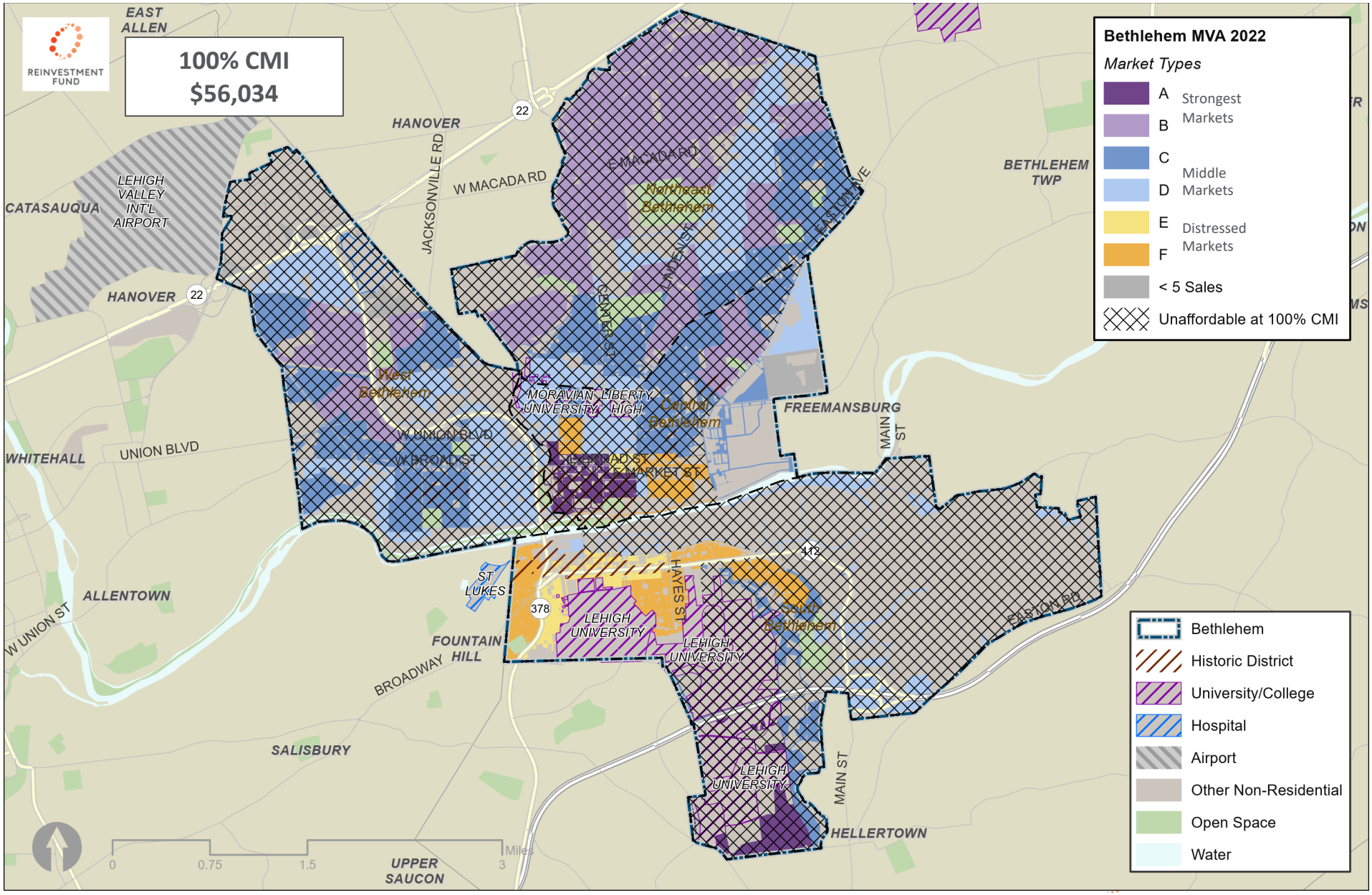
Housing Affordability - what places are accessible to residents at different income levels?

Displacement Risk - what places might residents be experiencing displacement pressure associated with rising home prices?

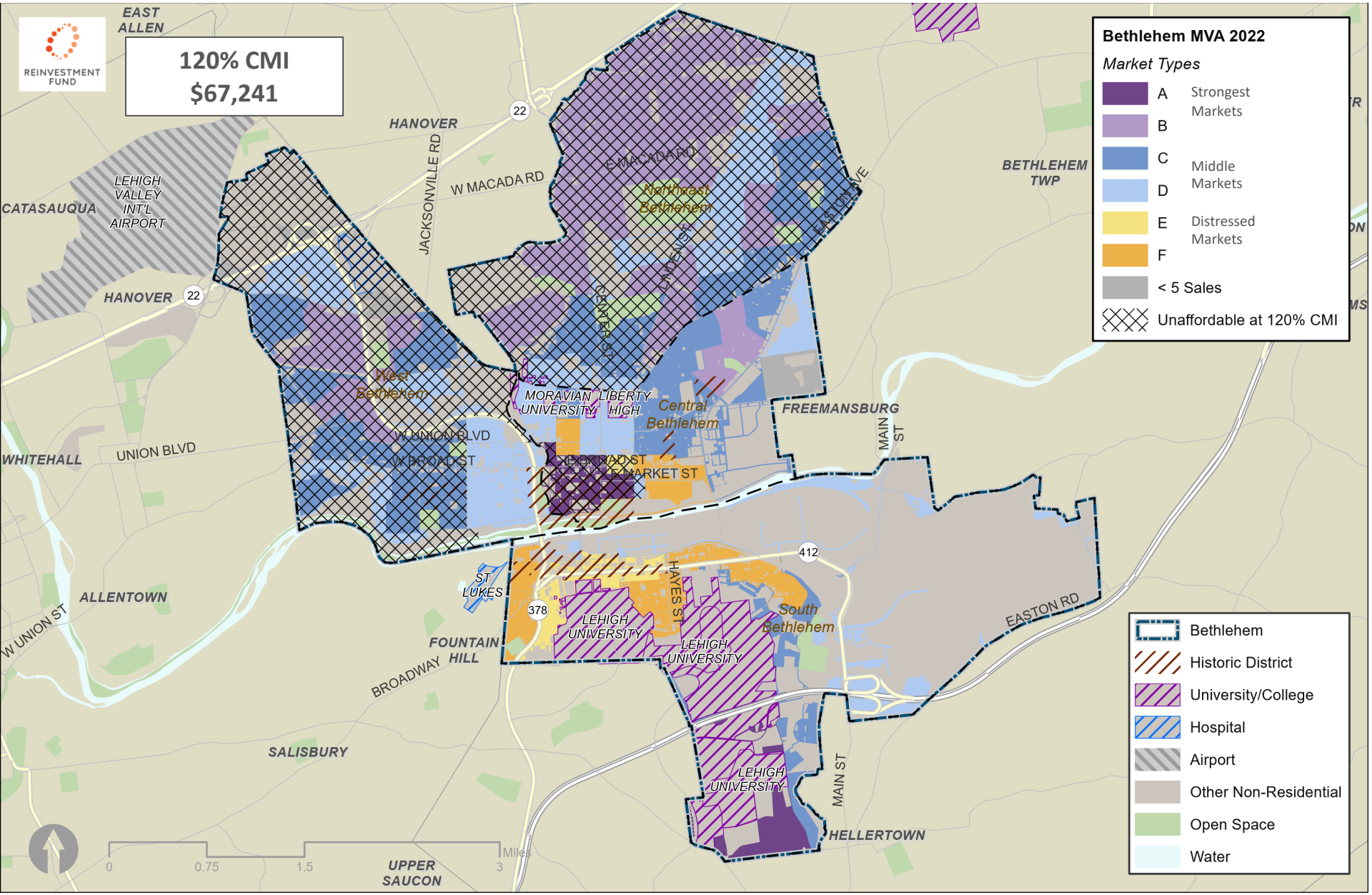
Unaffordable Block Groups for Residents with Incomes at 80% of City Median Income (CMI)



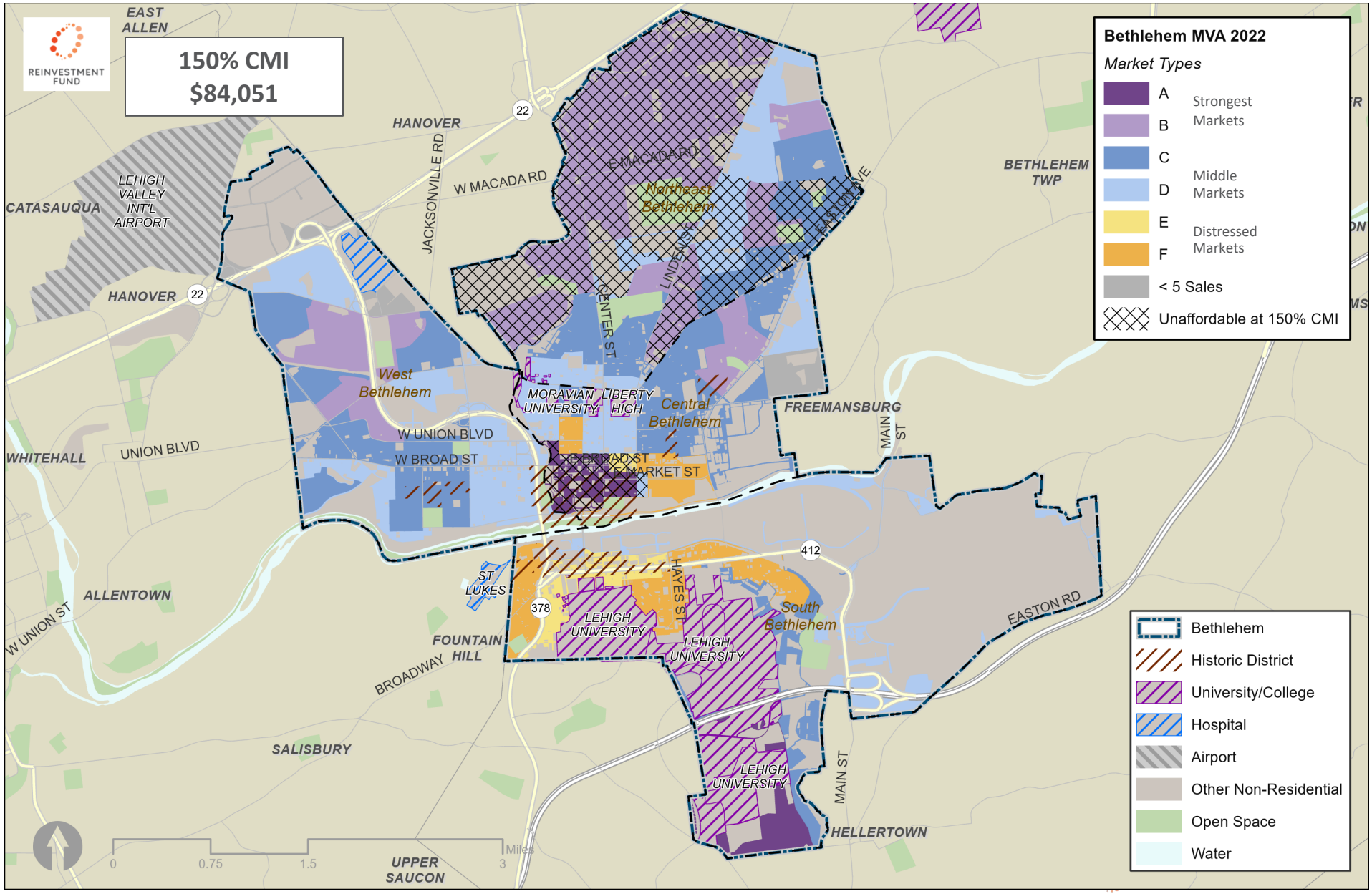
Unaffordable Block Groups for Residents with Incomes at 100% of CMI



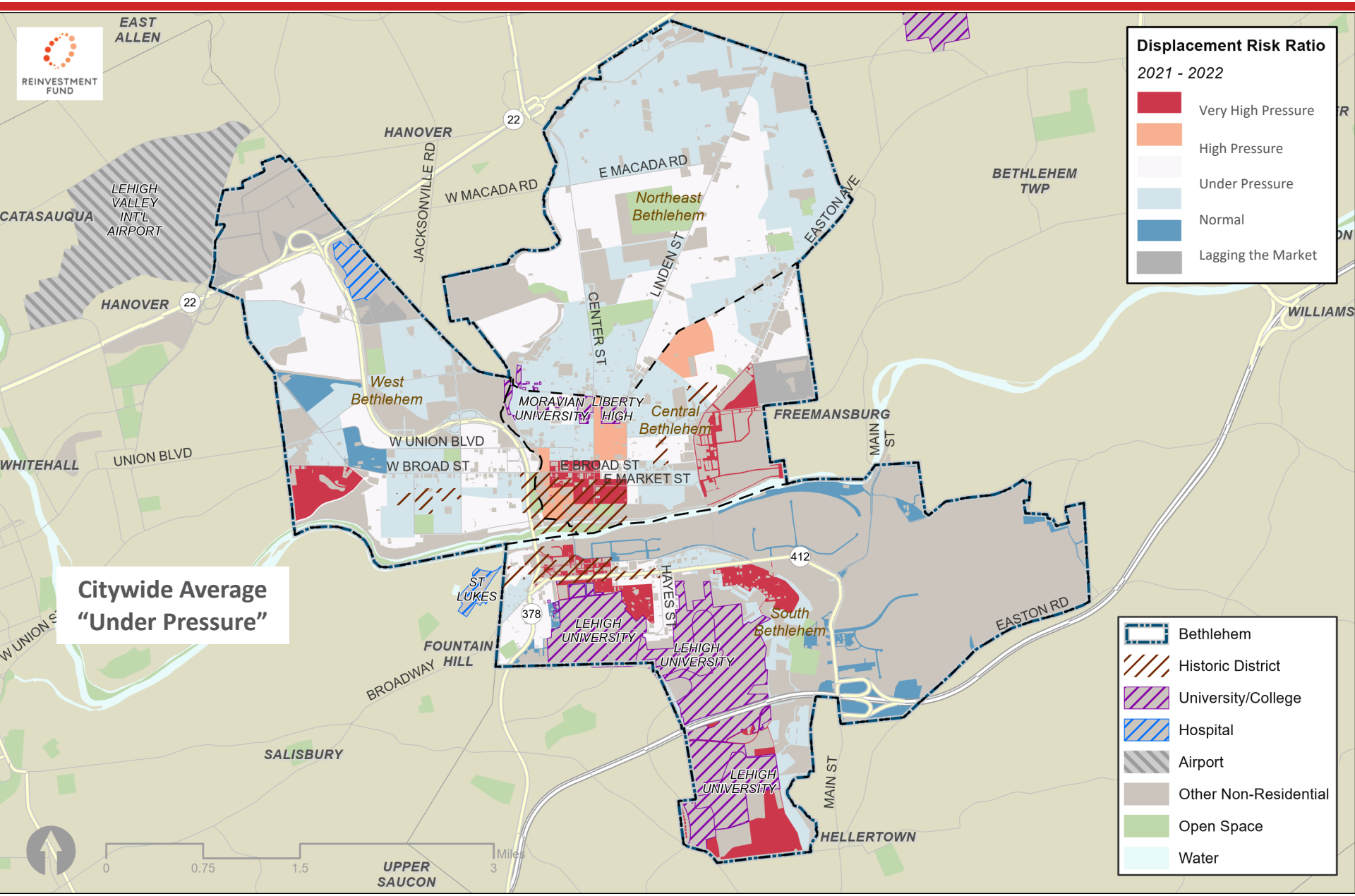
Unaffordable Block Groups for Residents with Incomes at 120% of CMI



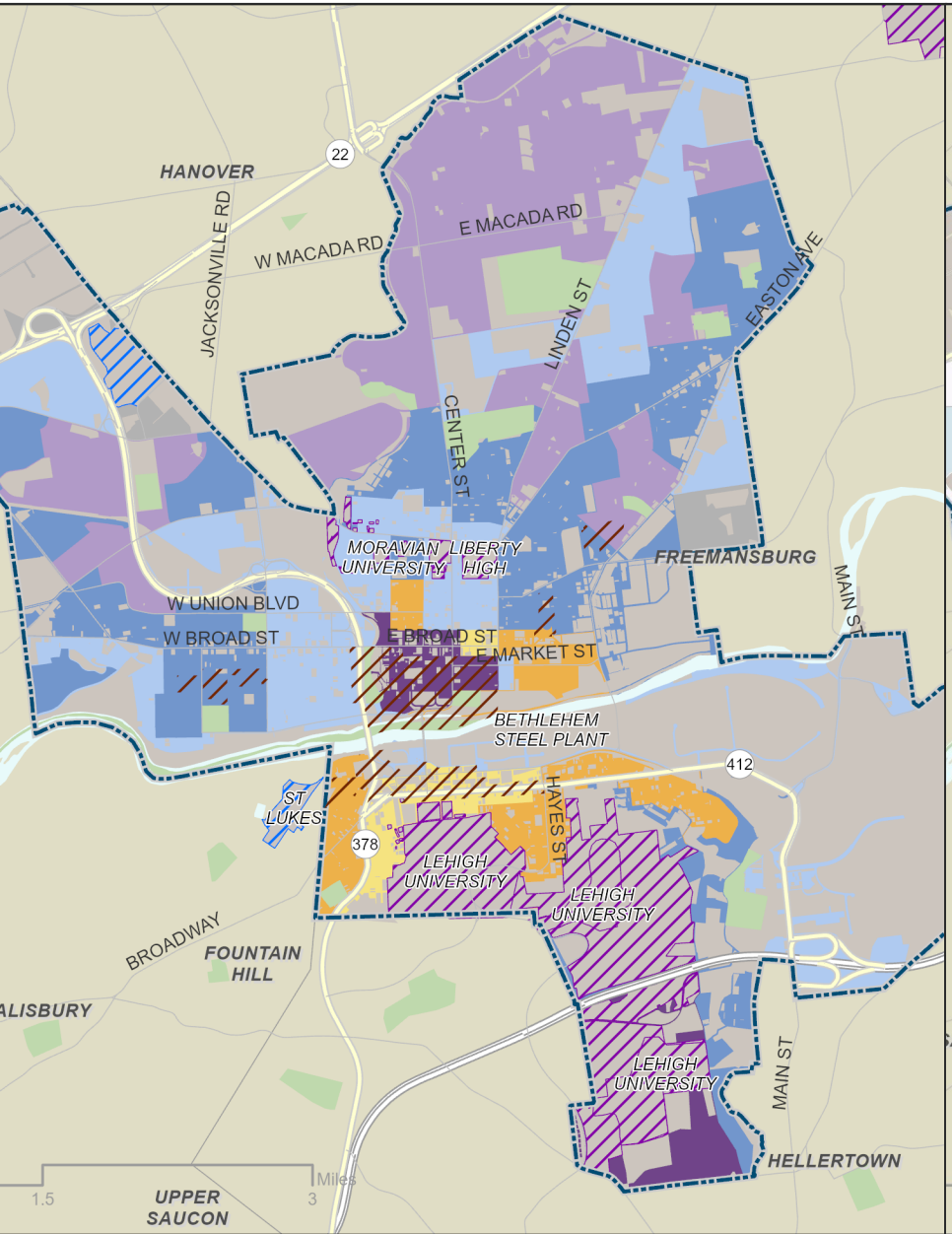
Unaffordable Block Groups for Residents with Incomes at 150% of CMI

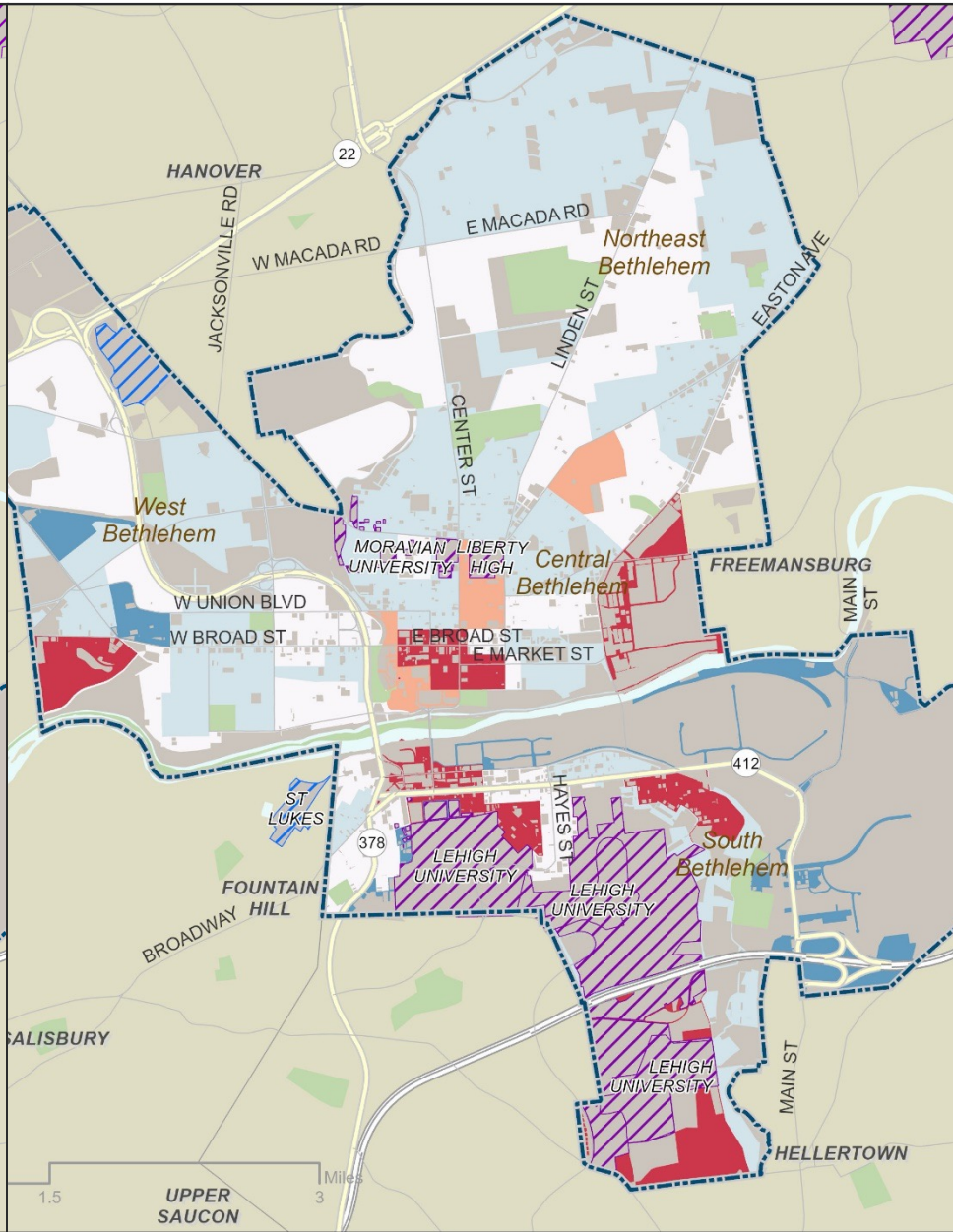


Displacement Risk: 2021 - 2022

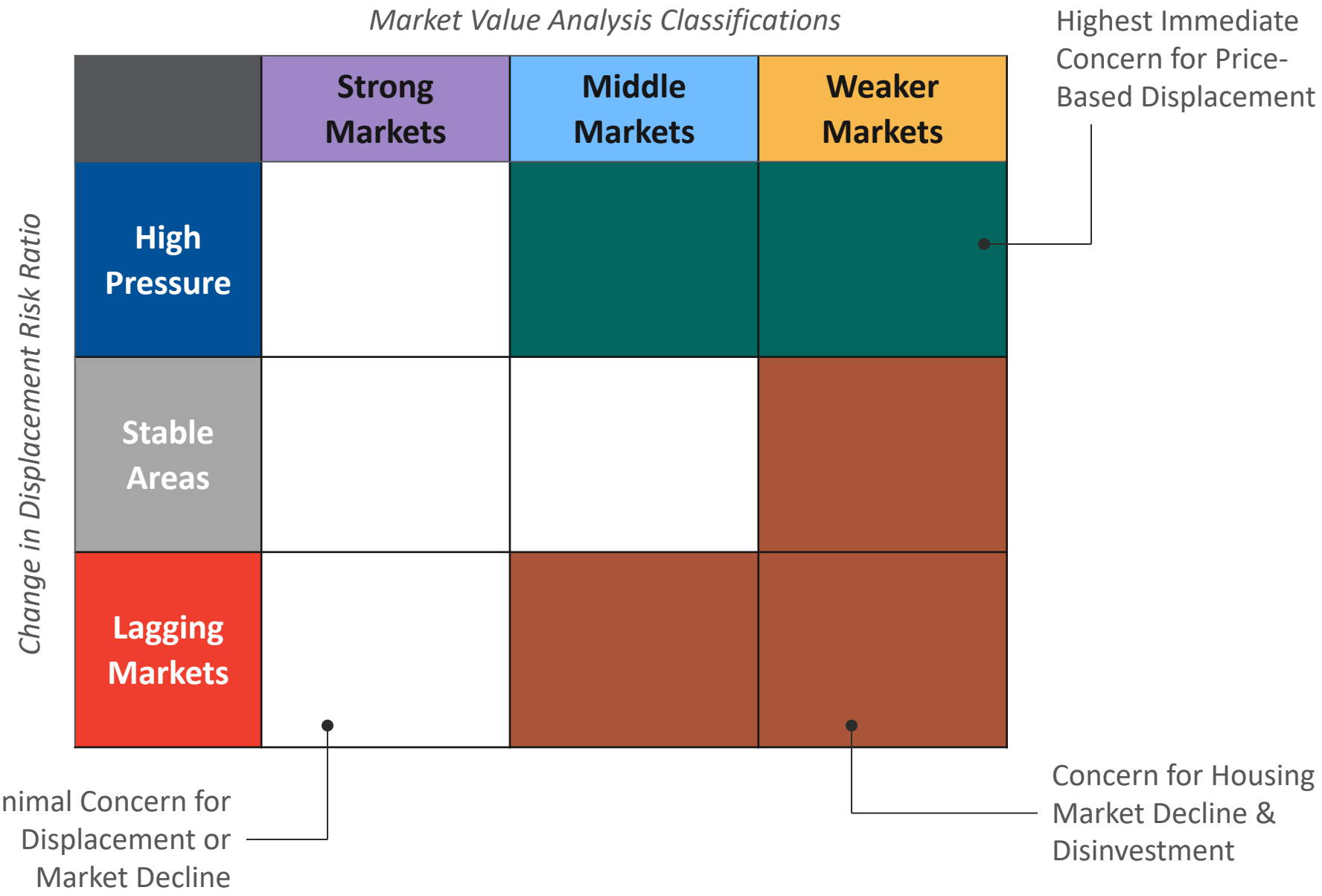


Existing Market Conditions and Displacement Risk

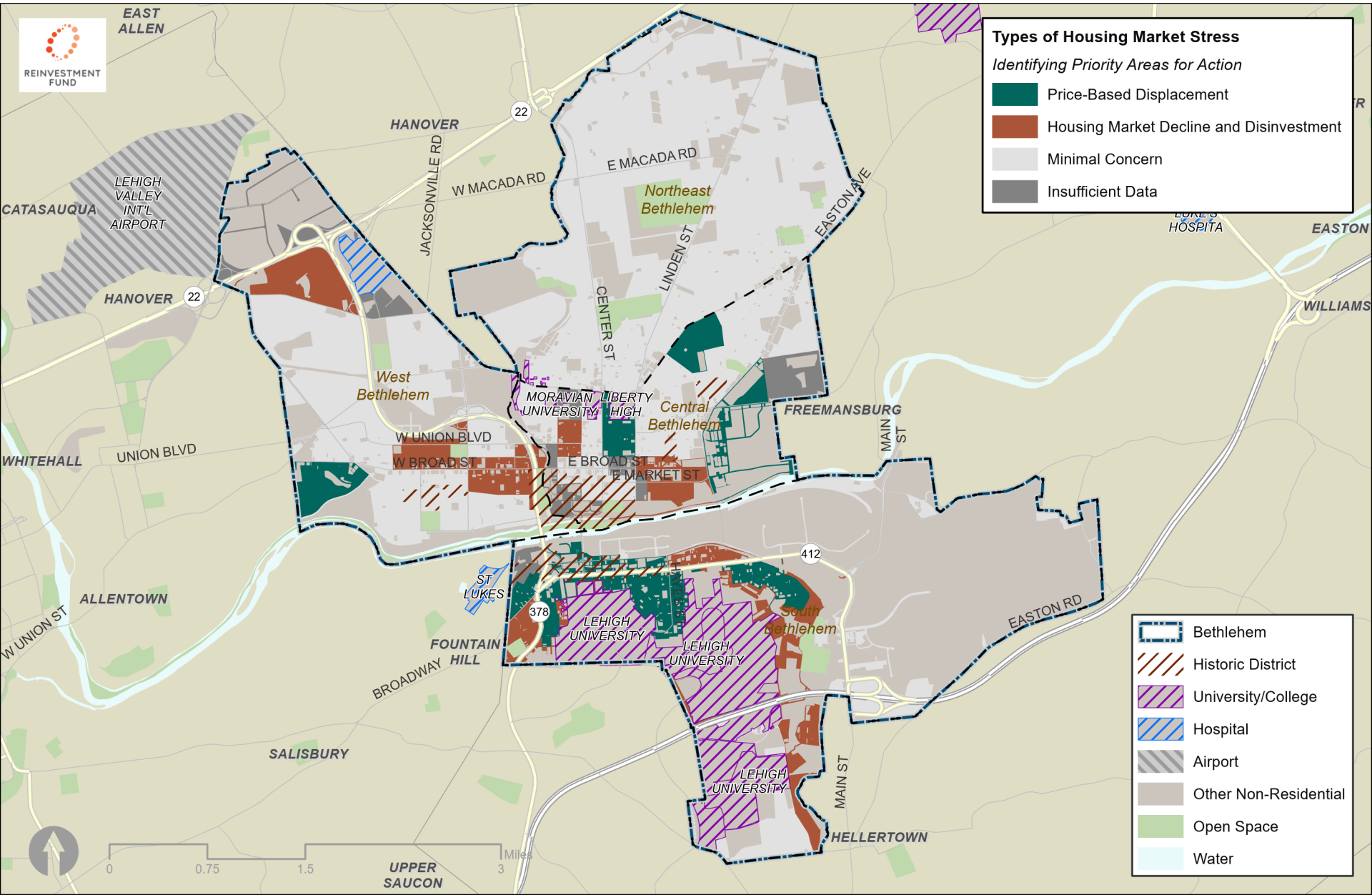




Identifying Types of Housing Stress



Priority Areas for Action



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Gathering Community Perspectives & Developing Housing Strategies

Community Engagement Activities

- Pop Ups – Tables set up at existing events asking participants to take part in a Housing Improvement Activity, a Housing Survey, and a map activity indicating where they reside.
  - 11 events from October to December

- Community Housing Survey
  - Administered from October 20 to December 15, 2022
  - 3,219 participants completed some or all of the Survey in person or online through the We Build Bethlehem platform.

- Focus Groups & Interviews with Key Housing Informants
  - 5 Focus Groups with 28 informants
  - 12 Interviews

Current Affordable Housing Efforts in Bethlehem

LERTA

Affordable housing fund via LERTA

Housing inspections

Every rental is inspected at least once every three years.

Residential rehab/facade

Loans to qualified low-income property owners.

Lead/Healthy Homes grant

Prevents landlords from hiking rents after improving properties.

First-time homebuyer

Can provide up to 10% of down payment plus closing costs.

New Bethany Ministries

Eviction prevention and rapid rehousing.

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Next Steps

- March 7th Council Meeting
  - Affordable Housing Strategies Primer
- Draft Housing Strategy Document in Consultation with:
  - Housing Committee – made up of local housing stakeholders to provide key insights into strategy identification, feasibility, selection and geographic differentiation
  - City of Bethlehem Housing and Economic Development
- Final Housing Strategy Roll-Out in Late Spring

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Questions

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