

Regional Housing Plan



2014

Lehigh Valley Planning Commission

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Executive Summary



EXECUTIVE SUMMARY

The Lehigh Valley housing market has changed dramatically since 2007. Lower income households have become more cost burdened, public funding to address housing issues has diminished and new housing construction has hit historic lows. At the same time, demand for housing types previously deemed outdated—such as high density apartments and townhomes—has increased considerably. Providing adequate housing has been national policy since the enactment of the U.S. Housing Act in 1949, and housing is a key component of the *Comprehensive Plan the Lehigh Valley...2030*. As the name implies, the *Comprehensive Plan* embodies a wide range of interrelated subjects that deal with the conservation, development and redevelopment of the Lehigh Valley. Subjects covered include growth trends and forecasts, natural resources, farmland preservation, land use, economic development, transportation, community utilities, parks and recreation, and historic preservation. The overall goal of the plan is to provide recommendations and strategies to manage

anticipated growth and provide for the highest quality of life for all people. Naturally, housing is a critical consideration that links heavily with many of the other *Comprehensive Plan* subjects.

The need to fully explore the housing market within the Lehigh Valley as it connects to fundamental socioeconomic conditions, which fluctuate routinely, is critical to planning adequately for the region's future. In 2007, the Lehigh Valley Planning Commission (LVPC) completed *An Affordable Housing Assessment of the Lehigh Valley* and found “the primary issue confronting the Lehigh Valley is how to create affordable housing opportunities for households with lower incomes.” Many renters and homeowners spent more than 30% of their income on housing, making them *cost burdened* by definition. Addressing housing as a market is a key priority of this document, the 2014 ***Regional Housing Plan***.

This **Regional Housing Plan** provides an updated analysis of the Lehigh Valley housing market in light of the changed economy since the start of the Great Recession in 2008, which exerted a particularly profound impact on households with low or moderate incomes. The report broadens the effort from 2007 in that it: 1) looks at housing affordability across all incomes relative to the cost burdening threshold, and 2) examines the proximity of jobs and housing affordable for those jobs. In addition, this report translates public input, analysis of population and economic growth, a current housing profile, and analysis of critical influences on housing markets, all integrated into a set of goals, policies and implementation strategies to make progress on housing issues in the Lehigh Valley. It builds on the housing goals currently incorporated in the *Comprehensive Plan* and informs the next update of the *Comprehensive Plan*, scheduled to begin in 2015. Ultimately, the goal of the **Regional Housing Plan** is to identify ways that the LVPC can work with the region's governments, nonprofit and for-profit partners to improve housing opportunities in the Lehigh Valley.

The results of a community participation process called *Housing Matters*, the background data from the 2010 U.S. Census and Bureau of Economic Analysis, the assessment of housing affordability, and the jobs-housing balance study all collectively yielded the following overarching concerns:

- **Affordability.** The Lehigh Valley market is undersupplied in housing for the households earning less than \$29,350 per year. This translates into many households at the lowest incomes being forced to pay above 30% of their gross income for housing and being cost burdened. On the contrary, many households at the highest end of incomes (above \$70,440 per year) use less than 30% of their gross income on housing. These households are “buying down” from their ability to pay, increasing competition for moderate income households to find suitable, desirable housing from the already limited affordable supply.

- **Variety.** The lack of choice at both ends of the income spectrum compounds the challenges to finding suitable housing. The current market offers few, larger (2 and 3+ bedroom) rental units for lower income households. For higher income households above \$70,440 per year, ownership opportunities are almost exclusively single family detached housing, and rental opportunities are only 3+ bedroom apartments. This lack of diversity means households must consume housing that does not meet their preferences, further intensifying pressure on the housing sub-markets with high demand and limited supply.
- **Distribution.** Whether looking at the Valley as a whole, at a school district level or in terms of employment centers or as individual regions, the need for housing priced to working households earning below 50% of AMI (\$29,350) is universal. There is not enough quality, appropriately priced housing to accommodate the Valley's employment base anywhere. In addition, the concentration of certain housing types with low demand (due to a combination of factors, including age, fewer amenities or poor condition) can result in inadvertent concentration of lower priced housing

or low income households in few select places, particularly the cities and boroughs with older housing stock. Lastly, the disproportionate growth of low-density housing in the distant suburban townships—along with jobs clustered far from population centers—results in a persistent imbalance of jobs and housing across much of the Valley.

- **Condition.** Housing rehabilitation is as great a need as housing development. Those households earning less than \$29,350 per year and most susceptible to cost burdening are also most susceptible to substandard housing conditions. Rehabilitating existing housing stock serves to preserve the existing tax base and to offer a variety of housing types across incomes, while reducing overall land consumption and reducing the cost of development.

The ***Regional Housing Plan*** translates the key findings and overarching concerns into a set of goals, policies and implementation strategies to improve the housing situation in the Lehigh Valley. These goals, policies and strategies have their origin in the LVPC *Comprehensive Plan*.

Goal 1: To strive for livable mixed income neighborhoods throughout the Lehigh Valley that collectively reflect the diversity of housing types, tenures and income levels of the region.

Goal 2: To promote the creation of a range of housing types, prices and rents to foster culturally and economically diverse neighborhoods, which allow households to find new housing that meets changing needs within their existing community.

Goal 3: To promote and maintain suitable living environments and housing.

Goal 4: To promote the orderly development of new, well-planned residential environments.

Goal 5: To create an overarching consortium of housing interests to enhance regional coordination and effectiveness.

The **Regional Housing Plan** layers in additional detail representing the continuing and evolving trends in housing supply and demand, affordability, proximity to jobs, capacity of housing providers and available funding, among others. The **Regional Housing Plan's** recommendations for new implementation strategies under all five goals yield new opportunities for improving the housing situation in the Lehigh Valley.

- *The Lehigh Valley Planning Commission will support the region's Neighborhood Partnership, Main Street, borough, city and suburban revitalization initiatives and programs like the Lehigh Valley Economic Development Corporation's brownfield revitalization program to encourage the stabilization, clean-up, reuse and rehabilitation of vacant and underutilized buildings and lands for a variety of uses, including housing.*
- *The Lehigh Valley Planning Commission will continue to publish the Annual Development and Building Activity report and augment the document with an-*

nual housing sales data. An LVPC event around the report will be part of community communication and dialogue on regional housing and associated development issues.

- *The Lehigh Valley Planning Commission will support the creation of an affordable housing loan consortium bringing investors, financial institutions and private individuals together to pool resources for developing housing at or below 50% of the Area Median Income to address the 40,750 existing owner and rental households that are cost burdened.*
- *The Lehigh Valley Planning Commission will engage the region's municipalities and school districts on the region's housing market, including the amount, location and form of revitalization, redevelopment and development. The LVPC will continue to provide tailored professional zoning and development guidance on housing needs and issues.*

- *The Lehigh Valley Housing Study should develop a model housing rehabilitation program translatable to urban, suburban and rural municipalities. The program should include a property maintenance toolbox and provide specific recommendations on aging-in-place, neighborhood stabilization and revitalization, façade improvements, and housing stock preservation.*
- *The Lehigh Valley Planning Commission will coordinate with high-growth municipalities to refine or rework comprehensive plans, official maps, subdivision and land development ordinances, impact fees and other regulatory mechanisms to encourage and expedite housing development at densities appropriate to growth experienced or anticipated.*
- *The Lehigh Valley Planning Commission will continue to develop model ordinances relating to the region's housing with a focus on design and density appropriate for new and existing development. Com-*

mercial corridors and districts, transit and community services access, multi-generational communities, mixed-use and multifamily housing will be primary focuses of the LVPC's municipal assistance program.

- ***The Lehigh Valley Planning Commission will establish a consortium of public, private and nonprofit housing entities to address the region's jobs-housing imbalances, housing affordability, availability, condition and market. This regional housing consortium will consider all relevant aspects of the Lehigh Valley's housing needs and issues as they relate to comprehensive regional planning.***

The Lehigh Valley Planning Commission is committed to working with project partners to move forward with these critically important housing opportunities. The ***Regional Housing Plan*** includes the data, analysis, policy and implementation recommendations to inform needed discussion of the issues and provide housing

to meet the needs of all Lehigh Valley residents. We hope that this document will give readers a better understanding of the housing issues facing the region and will serve as a platform for a broad and incisive discussion.

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