

Attainable and Affordable Housing

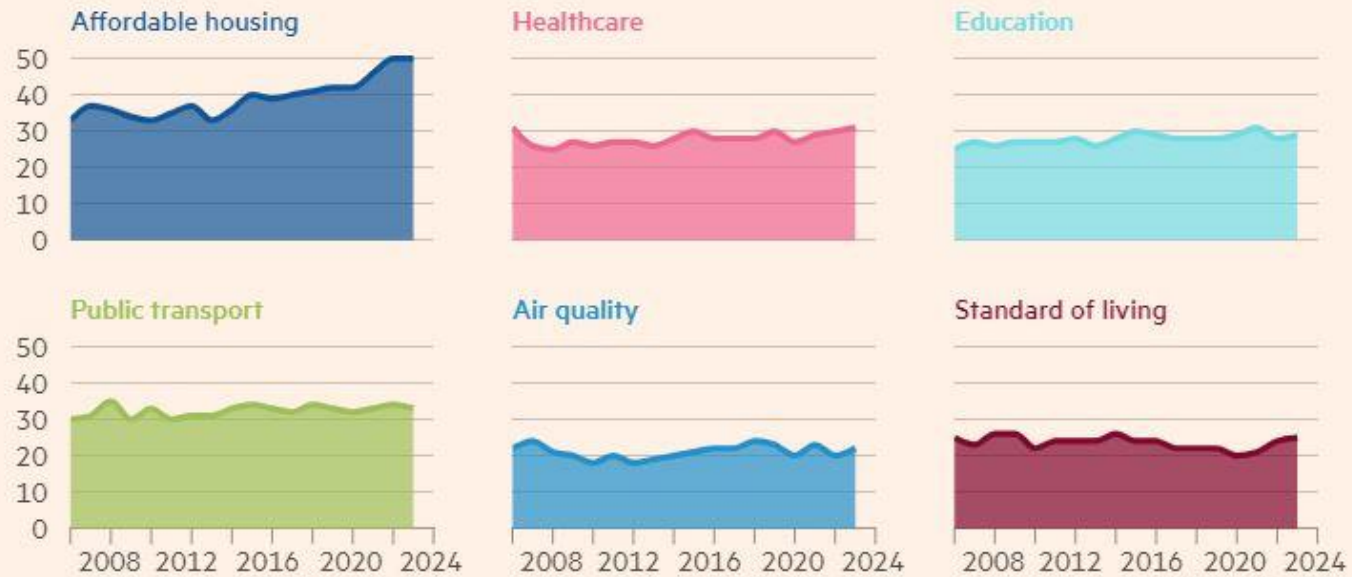
STATE AND LOCAL SOLUTIONS



Housing Concerns-Global Issue

Dissatisfaction with availability of **affordable housing** has increased

OECD population-weighted average (% dissatisfied)

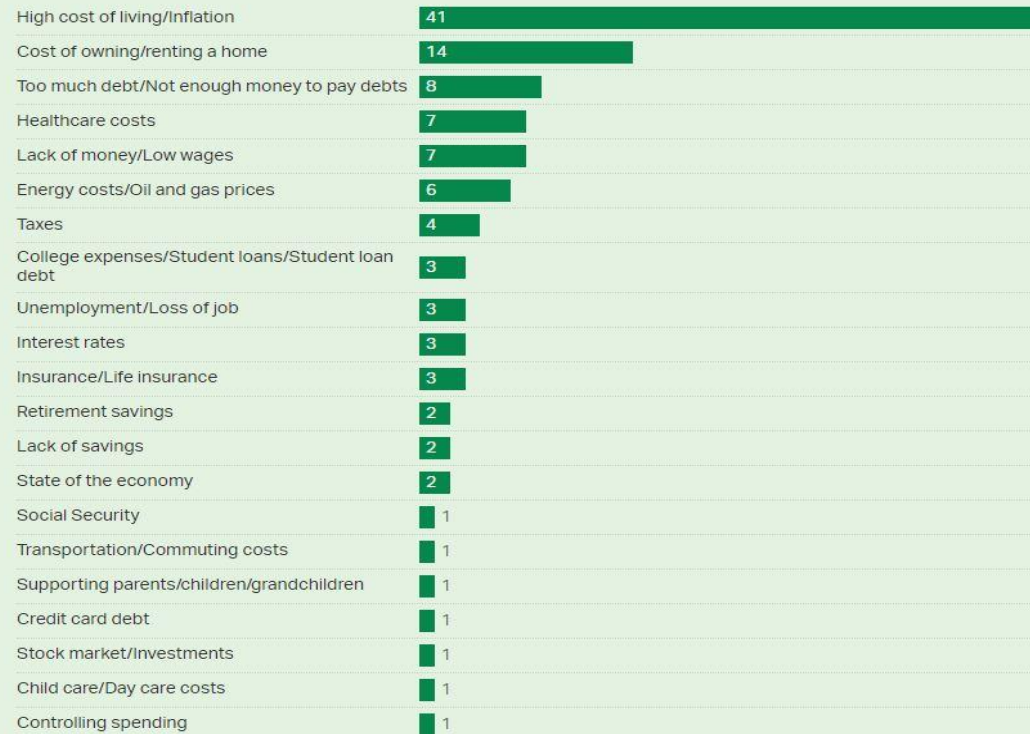


Top Domestic Concern

The Most Important Financial Problem Facing U.S. Families

What is the most important financial problem facing your family today? [OPEN-ENDED]

■ % Mentioning



	All 18-29 ▾	Male	Female	White	Black	Hispanic	Dem	Rep	Ind
Inflation	64%	66%	61%	66%	66%	58%	58%	76%	63%
Healthcare	59%	57%	60%	59%	58%	60%	63%	51%	60%
Housing	56%	55%	57%	49%	68%	60%	62%	49%	56%
Gun violence	54%	50%	60%	51%	53%	62%	67%	41%	51%
Jobs	53%	55%	51%	53%	52%	54%	49%	60%	53%
Corruption	52%	56%	49%	54%	49%	51%	48%	57%	54%
Protecting democracy	52%	56%	48%	55%	46%	49%	57%	53%	48%
Women's reproductive rights	50%	42%	58%	47%	54%	52%	68%	24%	49%
Education	50%	52%	47%	54%	46%	45%	45%	54%	54%
Immigration	47%	51%	43%	50%	31%	48%	37%	71%	44%
Crime	47%	47%	47%	44%	48%	49%	42%	60%	45%
Climate change	43%	37%	47%	41%	43%	45%	55%	22%	44%
Taxes	43%	48%	40%	45%	41%	42%	39%	56%	41%
Free speech	40%	44%	37%	44%	34%	36%	30%	54%	42%
Israel/Palestine	34%	31%	36%	35%	32%	35%	37%	32%	32%
Student debt	26%	24%	27%	24%	31%	25%	29%	22%	26%

% that each issue wins against the field

National Housing Shortage

- Estimates on national housing shortage vary from 4 million to 7 million, depending on methodology, but all experts agree we've underbuilt.
- Pennsylvania's housing shortage is estimated at 100,000 units- lower end estimate.
- Lehigh Valley is 9,000 housing units short.
- Chronic shortage at all income levels, market-rate and affordable.

Housing Shortage: Economic and Social Implications

- Chang-Tai Hsieh and Enrico Moretti- spatial misallocation
- Examined different regulatory scenarios where workers move freely around metros with high wages and high productivity.
- Evaluated 220 metro areas from 1964-2009.
- If workers could move to superstar metros, America's GDP in 2009 would nearly 14% higher or \$2 trillion in economic gain.
- \$8,700 increase in the average wage of workers.

Further Implications

- America's metros represent our economic epicenter.
- 75% of our nation's economic growth in the metro's studied came from southern metros and 19 large metros around the United States.
- Overall exclusionary zoning polices lowered U.S Gross Domestic Product by 50%.
- This a pure hypothetical thought exercise- involves functionally unrealistic reallocation of workers overall.
- Highlights the implications of land-use regulations and housing shortages.

National and Local Cost Burdens

- Nationwide nearly 50% of renter households are cost-burdened.
- In the Lehigh Valley, 192,000 households are cost burdened, including nearly 60% of renters and over 20% of owners.
- Lehigh County ranks third in Pennsylvania for its eviction rate, Northampton County ranks 8th.
- 14 out of 100 renters are likely to face an eviction in Lehigh County. In Northampton County, its 8 out of 10, the state average is 7 out of 10.
- A 50 percent increase in house prices over this period could expect to see an 11 percent increase in the size of the homeless population. A 50 percent increase in rent is associated with an even larger increase (20 percent) in the size of the homeless population.
- One study found that housing costs accounted for 61% of the contributing factor in determining if an individual would end up experiencing homelessness.

Pennsylvania- What Have We Done?

- Whole Home Repairs- \$125 million American Rescue Plan Funds- one-time expenditure.
- Preserve and maintain existing affordable housing stock and reduce costs associated with home ownership.
- Raises the funding for PHARE to \$100 million in 2026, nearly doubles the state investment.
- \$2.5 million to create Local Government Emergency Housing Support to help cities and counties.
- \$2.5 million to help fund Right to Counsel statewide.

Potential State Legislative Solutions

- Zoning Reform: Re-Legalizing Missing Middle Housing through statewide incentivized zoning reform and model ordinances.
- AARP provides a good list of successful model legislation successfully passed in state legislatures around the nation.
- Oregon HB 2001 directed communities of a certain size to accommodate for missing middle house in areas which were currently zoned for single family.
- The legislation allowed municipalities to carve out areas which were subject to environmental or safety concerns and areas that lacked infrastructure.
- Zoning and land use regulation remains one of the driving factors behind the housing crisis.

Why Missing Middle?

- Environmentally friendlier and sustainable- creates more dense, walkable neighborhoods, reduces dependency on automobiles when integrated into existing neighborhoods and communities.
- More Efficient Use of Space- allows for greater utilization of land and density rather than traditional single-family zoning, critical when trying to preserve open space while ensuring communities can properly accommodate additional population.
- Three-quarters of residential land in cities across the United States is zoned single-family.
- Meets market demand as new generations demand smaller housing with access to amenities.
- Reduction in transportation costs and costs associated with construction costs.









State Legislative Solutions

Revolving Loan Fund for Starter Homes and Homebuilding:

- Utah created a \$300 million dollar loan fund for housing developers provided that a certain percentage of that housing was available at a certain rate.
- Oregon allocated \$500 million towards home-building initiatives to help with housing infrastructure and building moderately priced homes.
- These help provide critical bridge financing to developers and low-interest loans to help speed up the development of construction.
- Provide local flexibility independent of federal housing funds such as LIHTC.
- Ensures private projects can provide lower cost units and create mixed-income communities.

Tax Abatements

- New York 421-a provided between a 10-to-25-year tax abatement which gradually phased out provided that a certain number of units were affordable.
- Governor Hochul recently created a new tax incentive called 485-x which extends abatements to 40 years and creates affordability requirements.
- More than 60% of the rental housing built in New York between 2000 and 2010 utilized the tax break.
- The fiscal impact of forgone revenue is extensive, it costs New York over \$1.77 billion in potential revenue, but also enables developers to build affordable housing they might otherwise neglect.
- Tax abatement can only be used on new construction, city isn't losing revenue it received prior.

Tax Abatements

- New Jersey: Payment in Lieu of Taxes model exempts residential and commercial development from property tax improvements for up to 30 years, no loss of existing revenue.
- Jersey method prohibited in Pennsylvania- uniformity clause.
- Model of long tax abatement has been extremely helpful at urban revitalization.
- Jersey City has used it to create affordable housing on major projects.

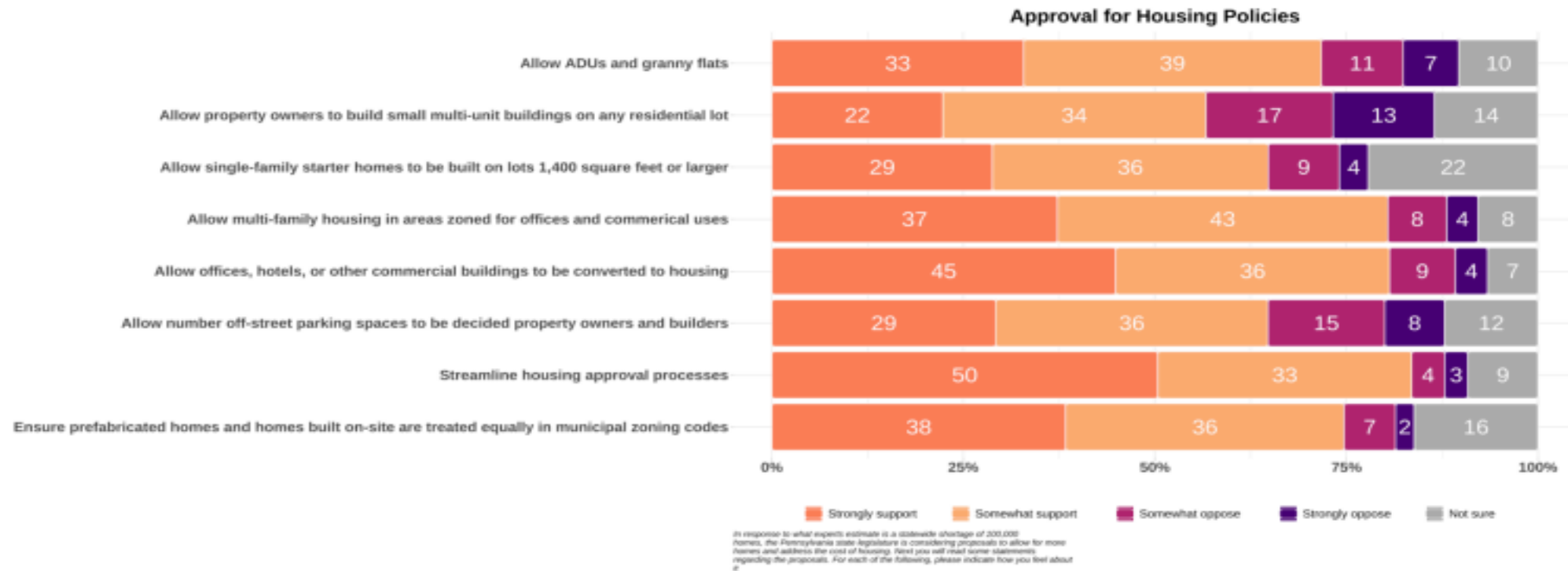




Additional State Solutions

- Conversion of Office Space into Housing
- Repurposing Greyfields
- Transit Oriented Development
- Permitting Reform for Residential Development

Broad Public Support for State Solutions



Local Solutions

- Consider Objective Design Standards to speed up the permitting and development process and create greater predictability for developers.
- Review and Update Zoning Code- City of Allentown undergoing a transition to form-based code-creates opportunities for new types of housing.
- Improve and expedite the local permitting process and regulatory environment.
- Washington State is looking to eliminate design review in certain neighborhoods and require an administrative design review through the municipality.
- Consider local and dedicated housing revenue to fund Land Bank or Housing Trust Fund to provide support to local developers and projects.