

It's time to move forward with some zoning or code changes to address student housing

The Bethlehem Gadfly Affordable Housing, Neighborhoods, Serious Issues, Southside July 30, 2019

(Latest post on such topics as Neighborhoods, Southside, Affordable Housing)

Anna Smith is a life-long Southside resident and Director of the Community Action Development Corporation of Bethlehem, a non-profit dedicated to improving the quality of life in south Bethlehem by fostering economic opportunity, promoting community development, and empowering residents to actively participate in the decision-making process regarding the future of our diverse community.

Gadfly:

On student housing –

Last year, following a rapid increase in the average sales price of single-family homes in south Bethlehem and an increase in speculative investment in student housing, the Southside Vision Housing Committee worked with a consultant from Philadelphia who is an expert in housing policy to study the student housing and development issue in south Bethlehem. Throughout several months, the committee worked with the consultant to explore best practices for maintaining mixed-income neighborhoods and examined potential changes to ordinances and policies that could effectively address the expansion of student housing in south Bethlehem. The committee included representatives from the City, Lehigh University, local residents, and even a student-housing provider. A final list of five prioritized strategies was provided at the end

of the process, and zoning changes emerged as the first priority of many of the residents on the committee.

Since then, City officials have been examining the different codes and ordinances that regulate student housing and development in order to determine what changes will best address the changing nature of our neighborhoods. As many have stated, a single line in an ordinance can make a huge difference; whatever changes are made now need to be well thought out if we expect them to truly make the desired impact: preserve diverse, mixed-income neighborhoods.

Currently, student housing falls under the City's regulated rental ordinance (see: <https://www.bethlehem-pa.gov/ordinance/articles/ARTICLE1739.html#01>). This is *not* part of the zoning code, but, rather, the ordinance establishes basic conditions for the occupancy of properties that house 3-5 unrelated individuals on a single lease. There is no limit to the number nor location of these properties; as long as a property owner complies with yearly inspections, registers the property with the City, and provides copies of the lease with all tenant information (among a few other basic requirements), then the property can function as a regulated rental.

Changes in zoning and ordinances could take a number of forms—here are two of the main changes that we explored on the committee:

1. Alter the regulated rental ordinance to include fewer unrelated occupants. This approach has been used in Allentown near Muhlenberg's campus, and the logic behind it is that you limit the financial incentive for property owners to rent to students. If you can only make rental income from 2 or 3 students, is it worth converting your property to student housing?

While the creation of the original regulated rental ordinance has been cited by some as the source of the Southside's student housing issues, I'm not sure that reducing the number of students allowed in each home would help us to achieve our goal. Lehigh has repeatedly confirmed, in public and private conversations, their intentions to maintain a stable off-campus housing population—the number of students needing off-campus housing will remain consistent throughout Lehigh's expansion, so there is no need for additional student housing. Similarly, Lehigh does not intend to bring any additional students on to campus, so there will be no reduction in the number of students needing off-campus housing. What would happen if we changed our codes to say 2 or 3 students maximum per house? Well, we would need A LOT more student housing off-campus to accommodate those students. Given the Southside's housing stock (single family homes with 3-5 bedrooms), this sounds to me like an incentive to build giant towers with student apartments close to campus. Is that more desirable? Some might argue yes, but I'm not so sure. We could grandfather in the existing properties, but not sure how that would stand up legally—we would be providing a huge economic benefit to existing housing providers while effectively shutting out any new competition.

2. Create a zoning ordinance that limits the number of regulated rental homes in a particular area. This could be done through minimum distance requirements between homes, or percentages by block or zone. Different zones could have different rules—closer to campus, you could allow up to 100% student housing, while neighborhoods further away could have more restrictions.

While I prefer this option, there are certainly some downsides to consider. How do we draw the lines? How many homeowners will we be giving up on if we allow a neighborhood to be targeted for up to 100%

student housing? (I will point out that 100% student housing is currently permissible in any neighborhood, so this wouldn't be a change from the status quo). However, can we ask the last 4-5 families on lower Montclair to sacrifice what remains of their neighborhood in order to protect upper Carlton? It's a hard decision to make.

Other things to consider when we talk about changing codes and ordinances:

— What happens to homes that investors have spent \$400k+ on if we significantly alter the housing market in south Bethlehem? These purchases were made anticipating revenue from 5 students paying a minimum of \$700 per month each. If the investor can't get the money, will they sell? Leave the property vacant? Rent to families? The future of many Southside neighborhoods could depend on how student-housing providers answer that question. Our fate as a community is wrapped up in the consequences—not just the housing provider's bottom line.

— Many student-housing investors are purchasing and renovating homes in hopes of stealing students away from other student housing providers. Competition encourages student-housing providers to keep up their homes if they want to stay in the market and charge top dollar. If we remove or significantly reduce competition, will we remove incentives for upkeep?

I'm glad to see that the conversation on Southside neighborhoods is continuing, and thanks to the Gadfly for providing a forum to share these ideas! The more folks involved in researching, proposing, and analyzing policies, the better. It's clear to me that it is time to move forward with some zoning or code changes to address student housing, and there's a lot to think about as we design a new policy. I'd encourage anyone interested in getting more involved in the discussion to join us at the

Southside Vision Housing Committee—send me an email at asmith@cacv.org and I'll get you the details!

Anna

Anna always gives us a lot to chew on.