

Time for Bethlehem residents from all parts of the city to join the Bethlehem Residents for Responsible Development to help with this Southside crisis

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

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

Kim Carrrell-Smith is a 31-year resident of Bethlehem's historic Southside, where she taught public history at Lehigh University for almost two decades. She is also an aspiring gadfly, buzzing in on issues of historic preservation, public education, city government, and other social justice issues. She tips her wings to the master gadflies who have served our community for so long!

Bethlehem Residents for Responsible Development: contact Seth Moglen (moglen@lehigh.edu) to show solidarity and to get on the mailing list. (THIS IS SO EASY!)

Gadfly,

As you've heard, we've reached a truly critical time for the future of Southside neighborhoods within a quarter of a mile or so of Lehigh University. The very present and future danger to our neighborhoods generally come from newer investor/developers who haven't done their homework and may not be aware that they are risking big investments in an already crowded student housing market in which the actual number of students is unlikely to increase in the foreseeable future. But as a

South Bethlehem resident, my questions don't concern how to help those investors save their shirts; I am concerned about how we may maintain viable neighborhoods in the face of this rapidly changing investor landscape, and WHO can help with that. What's at issue?

- * What happens to residential neighborhoods when they are overrun by young college students who don't have a long-term investment in neighborhood relationships, and property?

- * What happens when an investor pays well over the median cost of a home, in anticipation of student-level rents (at least \$3500/month for a five bedroom), and then students bypass those houses for another developer's newer, flashier development?

- * What happens to empty, deteriorating homes, left behind by students seeking the latest luxury living, in what were once neighborhoods buzzing with children, their parents chatting on front stoops or sweeping the sidewalk?

- * What happens to the security and safety of a neighborhood that was once filled with eyes on the street and people on the sidewalks, with homes well-tended and maintained?

- * What happens to the family who can afford less than a third of that student-level rent, yet needs a home?

- * What happens to the reputation of local colleges and universities when nearby neighborhoods deteriorate?

- * What happens to our city when our neighborhoods fail?

- * What would happen if all this occurred in YOUR neighborhood?

I hope City Council and Lehigh administrators (and DeSales, NCC, and Penn State –why not invite them to the table, since their students live in these “regulated rental” houses, too) are ready to commit publicly to some hard work, RIGHT NOW –not in six or twelve months– WITH (and not just for) local residents, to assure that “what happens” is not destructive, irreversible, and harmful to families and viable neighborhoods, to the reputation of our local institutions of higher ed, and even to those very students who want places to live off their campuses. We all have a lot to lose.

And I hope there are Bethlehem residents from all parts of the city who will want to join the Bethlehem Residents for Responsible Development to help with this crisis, even if it is not happening now in your neighborhood. This is bigger than just a few homes, and a few people.

So what’s up now that is so urgent about these big pocket student housing investors? First, a clarification about one of Stephen Antalics’ comments: Fifth St Properties is, in fact, located in Bethlehem and has a pretty good reputation for keeping up with maintenance and responding to complaints. But Fifth St. Properties recently sold 44 buildings in their portfolio to an out of state real estate group located in NYC, Stonebridge Campus Living; the latter is new to Bethlehem. Their investment in the 44 buildings they acquired from Fifth Street Properties averages out to about \$485,000 EACH (real estate investors buy in group lots, so that figure is an average based on the total Stonebridge paid for all 44 buildings). And as folks have heard, the developer who owns the Lehigh Properties GP, LLC is not located in Bethlehem, either. The latter is owned by a young Lehigh alum who wants to demo four of his properties to create a big luxury student housing complex on First Terrace; he paid an average of \$240,000 for each of the four homes he wants to demolish (a rather extraordinary sum for Southside homes!), when he acquired the entire portfolio.

So housing prices are going nuts (compare the investor purchases to other recent home purchases by individuals around here!), as developers fail to study the market, and fail to understand Lehigh's intention to keep the number of off-campus students steady, even as the university's overall student numbers increase. [As Anna Smith, the director of CADCB, noted in her last post](#), one result of that failure to study the market will probably lead to companies poaching student renters for their newer luxury student rental developments. That constant shift in student housing is a precarious situation for neighborhoods, as financially over-committed investors will want to find ways to maximize their profits. It seems highly unlikely that these investors would want to shift their attention to work on sensitive neighborhood development, or rehab older housing stock to rent it at reasonable prices to families, when they've sunk small fortunes into buying up portfolios of high-priced student rentals . . .

On the Southside we increasingly see student rental signs going up on what were privately-owned homes, indicating ownership by large investment/management groups, which indicate that those rentals are no longer welcoming (or affordable) to families and individuals. But there are still more "regulated student rentals" ([see Anna Smith's recent Gadfly post](#)), which are owned by local individual investors who may have as few as one, or as many as 15 properties. Investors buy in groups, so the latter groups of properties may currently be at particular risk of being swallowed up by those big players with so much money to spend in the local market.

Time to focus, city leaders and Lehigh (and maybe DeSales, Penn State and NCC) administrators! We are at a critical time for the future of the Southside. The Southside Vision Housing Committee is leading the way, and (along with the city's DCED folks) has the data, but residents need participation and commitment from those other institutional leaders—at the highest levels—to head off a greater housing crisis, and the destruction of viable neighborhoods. And deep pocket investors and

developers threaten to drive an even bigger wedge than already exists between Lehigh and its nearby neighbors, and between City of Bethlehem leaders and Southside residents.

We don't have to let this happen. But we ALL need to work together on the problem now, through zoning, planning, heavily publicizing Lehigh's actual intentions about student housing through public and private presentations to current and potential investors and landlords, and by recognizing current neighborhoods that are strong, and identifying those which may be faltering. We can support and build strong neighborhoods. We can bring back balance in local development. But we can't do it if we can't get folks to work together, and FAST, to demonstrate a genuine — and public — commitment to those goals.

Please contact Seth Moglen (moglen@lehigh.edu) to join forces with BRRD. Please contact City Council members to say, “we all need you to support viable neighborhoods on the Southside, NOW.”

What would happen if all this were going on in YOUR neighborhood?

Kim

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